

From: "Adam Milstein" <[REDACTED]>

To: "Luis Saenz" <luis.saenz@gov.texas.gov>

CC: "Elena Gofshtain" <[REDACTED]>

Date: 4/18/2018 7:08:38 PM

Subject: RE: info

Attachments: Letter from Governor Abbott to Comptroller Hegar regarding Danske Bank.msg
RE: Companies in Violation of Texas Government Code, Chapter 2270.msg
DNB ASA 1.2.18.pdf
Storebrand 1.5.18.pdf
Danske Bank 1.25.18.pdf
Report -ISS-Ethix.pdf

Hi Luis, great hearing from you.

Attached are copies of our correspondence, and the reports on the companies that boycott Israel: DNB ASA, Storebrand and Danske Bank.

I'm also attaching the report on ISS-Ethix and its conflict of interests which prevents it from acting as a third party research company for the state of Texas.

Please let me know if you need more information and keep me posted on your progress.

Best, Adam

From: Luis Saenz <luis.saenz@gov.texas.gov>
Sent: Wednesday, April 18, 2018 3:23 PM
To: Adam Milstein <[REDACTED]>
Subject: info

Adam, I hope you are well. Would you mind resending me the last e mail you sent me with additional info on Danske Bank and the new companies?

Our records retention policy changed and my e mails were wiped clean before I could save in a folder.

Thank you.

Luis J. Saenz
Office of Governor Greg Abbott

DNB ASA

Last Updated: January 2, 2018

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Introduction to DNB ASA

DNB ASA (Den Norske Bank) is Norway's largest financial services group, offering a full range of financial services, including loans, savings, advisory services, asset management, insurance, and pension products to over 2.5 million retail and corporate customers.¹ DNB ASA, led by Group Chief Executive, Rune Bjerke, employs 10,697 employees.

DNB ASA is a publicly traded company listed on the Oslo Stock Exchange. The Norwegian Government's Ministry of Trade, Industry and Fisheries is DNB's largest shareholder, owning 34% of DNB's stock shares (see Appendix A).²

DNB ASA maintains an exclusion list of companies that fail to comply with the company's responsible investment policy. Four Israeli companies appear on the exclusion list. This report aims to discern whether the companies are excluded as part of a politically motivated boycott or rather for business-related reasons.

Main Findings

- DNB ASA, when considering companies for exclusion and as a matter of policy, follows suit to the exclusion list created by Norwegian Government Council on Ethics
- Four Israeli companies appear on DNB ASA's exclusion list for violations of human rights.
- DNB ASA has received pressure from Norwegian NGOs to divest from Israeli companies.
- From 2011 to 2014, DNB ASA had shares in Israeli banks and non-Israeli companies operating in the West Bank- DNB no longer holds any shares.
- No business-related reasons have been given to justify placing four Israel-based companies on DNB ASA's exclusion list.

Corporate Social Responsibility Policy

Any company in which the Norwegian government is a shareholder must meet specific criteria “stipulated in both the State Ownership Report and White Paper no. 10 2008-2009 Corporate social responsibility in a global economy.”³ Therefore, DNB ASA’s corporate socially responsible

¹ DNB ASA, "About the Group," <https://www.dnb.no/en/about-us/about-the-group.html>, accessed 9/10/17.

² DNB ASA, "Shareholders," <https://www.dnb.no/en/about-us/investor-relations/dnb-share/shareholders.html>, accessed 9/10/17.

³ DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17.

policy is inclusive of those standards. DNB ASA adheres to the following international principles and guidelines:⁴

- Ten Principles of the UN Global Compact⁵
- The OECD's Guidelines for Multinational Companies⁶
- UN Guiding Principles on Business and Human Rights⁷
- UN Principles for Responsible Investments (PRI)⁸
- The Universal Declaration of Human Rights
- The UNEP FI Statement⁹
- The Equator Principles¹⁰
- The International Covenant on Economic, Social and Cultural Rights
- The International Covenant on Civil and Political Rights
- The International Labor Organization Core Conventions¹¹
- The UN Convention on Certain Conventional Weapons (CCW)
- The UN Biological Weapons Convention (BWC)
- The UN Chemical Weapons Convention (CWC)
- The UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the Ottawa Convention)
- The UN Convention on Cluster Munitions (the Oslo Convention)

DNB ASA's corporate social responsibility policy "takes into account the climate and the environment, social conditions and corporate governance in all of its activities, including product and service development, advisory services and sales, investments and credit decisions, production and operations."¹² The corporate social responsibility policy is approved and endorsed by the nine members of the Board of Directors.

⁴ DNB Asset Management, SRI News 2017 Q2- Company Updates, published 2017, <https://www.dnb.se/portalfront/download/luxembourg/Reports/SRI-en-current.pdf>, accessed 9/6/2017.

⁵ The UN Global Compact is an agreement by international companies to adopt business policies which encourage environmental sustainability and social responsibility. Among the principles taken into consideration is Human Rights Law and violations. PFA Pension agreed to comply in 2009.

⁶ OECD Guidelines for multinational companies are recommendations to multinational enterprises. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, combating bribery and more.

⁷ The UN Guiding Principles on Business and Human Rights has the objective to enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization.

⁸ Principles set forth by investors to further the integration of responsibility into the investment process as well as to be transparent about the investment process.

⁹ UNEP FI is a global partnership between UN and the financial sector which seeks to improve understanding of the impacts of environmental and social considerations on financial performance.

¹⁰ The Equator Principles are a common set of guidelines used by the majority of large international financial institutions for managing environmental and social issues in project finance.

¹¹ The ILO's Governing Body has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation

¹² DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17.

DNB ASA's Exclusion Process

DNB ASA established a special committee, the Committee for Responsible Investments, to oversee the approved responsible investment policy as well as the exclusion process. The committee, chaired by the Corporate Social Responsibility and External Affairs Director, “collects information about companies and makes sure that matters are as well elucidated as possible before issuing a recommendation regarding a possible exclusion of companies from the investment portfolio.”¹³ The committee relies on information and data compiled by DSN ASA analysts as well as GES Investments Services, an outside consultancy firm.

DNB ASA has developed a three-step process to evaluate and assess ethical performance of companies in their investment portfolio.¹⁴ The three steps are as follows:

- “Step 1: Risk classification according to objective risk criteria
- Step 2: Verification through independent sources
- Step 3: Direct company contact”¹⁵

If after direct contact and engagement with a company does not lead to an acceptable solution, DNB ASA will place the company on their exclusion list until the company complies DNB ASA’s policies and guidelines. The Committee for Responsible Investments regularly considers whether the grounds for a company’s exclusion still exists and in light of new information, may recommend that the decision to exclude a company be revoked. (See DNB ASA’s website for a complete list of excluded companies.¹⁶)

Additionally, the Committee for Responsible Investments refers to the Norwegian Council on Ethics' exclusion list. If “DNB’s guidelines for responsible investments coincide with the ‘Guidelines for observation and exclusion from the Government Pension Fund - Global’s investment universe’ and the Ethics Council has excluded a company, DNB’s Responsible Investment Committee will normally recommend a corresponding exclusion.”¹⁷

Companies on DNB ASA’s exclusion list are schematically categorized as follows:

- Violation of Human Rights
- Violation of Labor Rights
- Harm to the Environment
- Production of cluster weapons, anti-personnel landmines and nuclear weapons

¹³ DNB ASA, Group Guidelines-Responsible Investments, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2016/Group_guidelines_-_responsible_investments.pdf, accessed 9/3/17.

¹⁴ DNB ASA, “Socially Responsible Investment” <https://www.dnb.no/en/business/savings-and-investments/asset-management/sri.html>, accessed 9/3/17.

¹⁵ Ibid.

¹⁶ DNB ASA, “Exclusions,” <https://www.dnb.no/en/about-us/exclusions.html>, accessed 9/4/17.

¹⁷ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

External Influences on DNB ASA's Attitude Toward Israel and the Settlements

The Government of Norway's Position

Norway officially considers the current status of the West Bank and East Jerusalem as "**that of an occupied area**" (emphasis added) under international law and as such, the "Fourth Geneva Convention of 1948 is fully applicable there."¹⁸ Norway's Minister of Foreign Affairs, Børge Brende, has been critical of Israel's construction in the West Bank stating, "Israel is violating international law" by again "speeding up its building of settlements in occupied Palestinian territory."¹⁹ As DNB's largest shareholder, the Norwegian Government has influence on DNB's attitude toward Israel and the settlements. In addition, Norway has explicitly said it will promote its CSR policies and positions in state-owned enterprises by actively exercising ownership rights.²⁰

The Norwegian Council on Ethics' Position

As mentioned above, DNB bases its exclusion list on that of the Norwegian Council on Ethics which excludes four Israeli companies.²¹ The Council on Ethics for the Norwegian Government Pension Fund Global (GPF) is an evaluation body established by the Ministry of Finance to ensure that GPF investments in specified companies are consistent with its ethical guidelines.²² The Council determines whether companies should be excluded from the Fund's investment universe.²³ The mandate for the Council specifies that "companies may be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for: serious or systematic human rights violations...serious violations of the rights of individuals in situations of war or conflict... [or] other particularly serious violations of fundamental ethical norms."²⁴

The Council has a history of excluding companies operating in the West Bank. In 2012, the Council excluded Shikun & Binui, an Israeli infrastructure company, explaining that Shikun & Binui is "involved in the building of settlements in breach of international humanitarian law in East-Jerusalem" and emphasizing that "construction of such settlements on occupied territory represents

¹⁸ Norwegian Ministry of Foreign Affairs, Norway's Involvement in the Peace Process in the Middle East, Published 10/31/99, <https://www.regjeringen.no/en/dokumenter/involvement/id420034/>, accessed 9/5/17.

¹⁹ Norwegian Ministry of Foreign Affairs, Israel Must Stop Building Settlements, Published 6/6/14, https://www.regjeringen.no/en/aktuelt/israel_settlements/id762219/, accessed 9/5/17.

²⁰ Norwegian Ministry of Foreign Affairs, Corporate social responsibility in a global economy — Report No. 10 (2008 – 2009) to the Storting, https://www.regjeringen.no/contentassets/d1301a2369174dd88f8e25d010594896/en-gb/pdfs/stm200820090010000en_pdfs.pdf, accessed, 9/5/17.

²¹ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

²² Council on Ethics for the Norwegian Government Pension Fund Global, "Council on Ethics", <http://etikkradet.no/en/council-on-ethics/>, access 9/5/17.

²³ Council on Ethics for the Norwegian Government Pension Fund Global, Guidelines for Observation and Exclusion of companies from the Government Pension Fund Global, http://etikkradet.no/files/2017/04/Etikkradet_Guidelines-eng_2017_web.pdf, accessed 9/5/17.

²⁴ Ibid.

a violation of the Fourth Geneva Convention, the convention for the protection of civilian persons in time of war."²⁵

Additionally, in 2009 and 2013, the Council recommended the exclusion of two Israeli companies, Africa Israel Investments Ltd (AFI) and its subsidiary Danya Cebus Ltd, from the GPFG investment universe **"because of their activities in the building of Israeli settlements in the West Bank."**²⁶ (emphasis added) The Council stated that **"Israel's construction of settlements in the West Bank and East Jerusalem is illegal"**²⁷ (emphasis added) and as such, the construction activity of AFI and Danya Cebus in East Jerusalem contributes **"to serious violations of the rights of individuals in situations of war or conflict."**²⁸ (emphasis added)

The Council also excluded Elbit Systems Ltd. from GPFG's investment universe in 2009. The Council explained that "investment in Elbit constitutes an unacceptable risk of contribution **"to serious violations of fundamental ethical norms as a result of the company's integral involvement in Israel's construction of a separation barrier on occupied territory."**²⁹ (emphasis added) In a statement explaining the decision to divest from Elbit, Norwegian Minister of Finance, Kristin Halvorsen, was quoted saying, "we do not wish to fund companies that so directly contribute to violations of international humanitarian law."³⁰

However, the Council failed to provide a legitimate business-related reason for Elbit's exclusion. On the contrary, GPFG had quite lucrative investments with Elbit amounting to 35.8 NOK at the time it was excluded.³¹ This information suggests that GPFG sought to divest merely to express its political dissent to Israeli policy.

It is also important to note that the Council's exclusions are based on established blacklists composed by Ethix SRI Advisors, currently known as ISS-Ethix.³² ISS-Ethix has maintained a

²⁵ Norwegian Ministry of Finance, "Exclusion of a Company from the Government Pension Fund," published 6/15/12, <https://www.regjeringen.no/en/aktuelt/exclusion-of-a-company-from-the-governme/id685898/>, accessed 9/3/17.

²⁶ Norwegian Government "Recommendation from 2009 and 2013 Concerning the Companies Africa Israel Investments Ltd. And Danya Cebus Ltd.," published 1/30/14, https://www.regjeringen.no/en/sub/styrer-rad-utvalg/ethics_council/Recommendations/Recommendations/recommendations-on-serious-violations-of/recommendation-of-november-16th-2009-on-/id612813/, accessed 9/4/17.

²⁷ Council on Ethics: The Government Pension Fund Global, published 1/11/13, https://www.regjeringen.no/contentassets/310d42b99ce242ad9f2cb5a2f7ec70db/africa_israel_eng_nov_2013.pdf, accessed 9/10/17.

²⁸ Ibid.

²⁹ Norwegian Ministry of Finance, "Supplier of Surveillance Equipment for the Separation Barrier in the West Bank Excluded from Government Pension Fund-Global," Published 9/3/09, <https://www.regjeringen.no/en/aktuelt/supplier-of-surveillance-equipment-for-t/id575444/>, accessed 9/3/17.

³⁰ Reuters, "Norway fund expels Israel firm for barrier work", published 9/3/09, <https://www.reuters.com/article/norway-fund/norway-fund-expels-israel-firm-for-barrier-work-idUSOSN00236320090903>, accessed 9/3/17.

³¹ Council on Ethics: The Government Pension Fund Global, Recommendation on the Exclusion of the Company Elbit Systems Ltd, 9/3/09, <https://www.regjeringen.no/en/dokumenter/the-council-on-ethics-recommends-that-th/id575451/>, accessed 9/10/17; Council on Ethics: The Government Pension Fund Global, Recommendation to the Ministry of Finance, Published 5/15/09, https://www.regjeringen.no/contentassets/f507de70bf0b4235bf760746452cf192/elbit_engelsk.pdf, accessed 9/10/17.

³² Thore Johnsen and Ole Gjølberg, Ethical Management of the Government Pension Fund - Global:

biased policy against Israel and Israeli companies since at least 2008, concerning controversies over the French companies, Veolia's and Alstom's, participation in the construction of the Jerusalem Light Rail. Since then, companies that have hired ISS-Ethix, such as Danske Bank, Nordea, SEB, and AP7 have decided to divest from or blacklist Israeli companies (see appendix B for more detailed information).

Norwegian People's Aid

DNB is influenced by or otherwise connected to Norwegian People's Aid (NPA), a Norwegian NGO and self-proclaimed "leader and mobilizer of anti-Israel boycotts, divestments, and sanctions (BDS) campaigns."³³ NPA's report "Dangerous Liaisons," pressured DNB to divest its alleged holdings in Israeli banks and non-Israeli companies operating in the West Bank.³⁴ Additionally, on multiple occasions NPA had direct dialogue with DNB stakeholders regarding these investments.³⁵

The connection between DNB and NPA is also fiscal. In 2011, instead of employee Christmas gifts, DNB chose to donate money to Norwegian People's Aid.³⁶ NPA also thanked DNB for its partnership and long-term development cooperation.³⁷

DNB ASA's Boycott/Divestment Against Israel

DNB has a history of engaging with Israeli and international companies operating in the West Bank. During the spring of 2012, DNB was in conversation with nine companies "to discuss their operations in the occupied territories."³⁸ In 2016, DNB's Asset Management team put special emphasis on Israel when it focused on a broad range of ESG issues that specifically included "banks operating in occupied Palestinian territory." While DNB acknowledges that preventing illegal settlements in the "occupied Palestinian territory" is a highly politicized and complex topic,

An Updated Analysis, Published 5/14/08, https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/ethical_management_of_the_government_pension_fund-global.pdf, accessed 9/10/17.

³³ NGO Monitor, "Norwegian People's Aid NPA," published 8/20/17, http://www.ngo-monitor.org/ngos/norwegian_people_s_aid_npa/, accessed 9/10/17; Norwegian People's Aid, "AFI Group and Danya Cebus re-excluded from the Norwegian Government Pension Fund," published 1/30/14, <https://www.npaid.org/layout/set/print/News/News-archive/2014/AFI-Group-and-Danya-Cebus-re-excluded-from-the-Norwegian-Government-Pension-Fund>, accessed 9/10/17.

³⁴ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

³⁵ DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17; DNB ASA, Stakeholder Dialogue 2015, https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2015/Stakeholder_dialogue_2015.pdf, accessed 9/10/17; NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

³⁶ DNB ASA, Corporate Social Responsibility Report Annual Report 2011, <https://www.dnb.no/portalfont/download/luxembourg/Reports/csr-report-2011.pdf>, accessed 9/10/17.

³⁷ NPAID, Solidarity in Action, Annual Report 2014, https://www.npaid.org/content/download/19025/517115/file/NPA_Annual%20Report%202014.pdf, accessed 9/10/17; NPAID, "Partners and Donors", <https://www.npaid.org/Our-Work/Development-Cooperation/Partners-and-donors>, accessed 9/10/17.

³⁸ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

based on research, they still attempt to hinder real estate and construction companies directly involved in the territories and consider themselves successful in doing so. Today, DNB is still in dialogue with companies operating in the West Bank.

NPA's report, "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation," claimed DNB is invested in Bank Hapoalim, Bank Leumi, Mizrahi Tefahot Bank, Caterpillar, Cemex, Hewlett-Packard, Motorola, Alstom, G4S, HeidelbergCement and Dexia Credit Local (all companies operating in the West Bank).³⁹ However, DNB's current holdings reveal no investments in the aforementioned companies,⁴⁰ though DNB did have investments from 2011 through 2014.⁴¹ Presently, DNB is invested in only one Israeli company- Mellanox Technologies, an Israeli supplier of computer network products headquartered in Yokneam, Israel.⁴² Mellanox no financial ties with the West Bank.⁴³ This demonstrates a pattern that DNB has divested from Israeli companies with operations in the West Bank.

DNB currently includes four Israeli companies on its exclusion list:

- Shikun & Binui Ltd.,
- Elbit Systems,
- Africa Israel Investments, and
- Danya Cebus

Human rights	Africa Israel Investments
	Cairn Energy Plc
	Danya Cebus
	Elbit Systems Ltd.
	Incitec Pivot Ltd.
	Innophos Holdings Inc.
	Kosmos Energy Ltd.
	Office Cherifien des Phosphates SA (OCP SA)
	Potash Corp of Saskatchewan
	San Leon Energy Plc.
	Shikun and Binui Ltd.
	Zuari Agro Chemicals Ltd.

(Source: [DNB Website](#), Accessed 01/2/2018)

Shikun & Binui Ltd.

Shikun & Binui is a leading infrastructure and real estate group in Israel. The companies is involved "in large-scale projects in Israel and abroad, and have proven achievements in the construction of residential neighborhoods and commercial and public buildings, as well as in the establishment, financing and operation of huge ventures in the fields of transportation infrastructure, ecology, water purification and desalination, and international project development."⁴⁴

³⁹ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation"

<https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

⁴⁰ <https://www.dnb.no/portalfont/download/luxembourg/Legal-Doc/semi-annual-report-dnb-fund-en.pdf>

⁴¹ DNB Fund Annual Report 2011 <https://www.dnb.no/portalfont/download/luxembourg/Legal-Doc/annual-report-dnb-asset-management-sa.pdf> ; DNB Fund Monthly Asset Allocation 2012

<https://www.dnb.no/portalfont/download/luxembourg/asset-management/Holdings-reports/Monthly%20Asset%20Allocation%20Report.pdf> ; DNB Fund Semi-Annual Report 2013

<https://solutions.vwdservices.com/products/documents/4C2BC33C-A3E1-4FBE-8FA1-681A414D0DF7> ; DNB Fund Annual Report 2014

<https://www.dnb.no/portalfont/download/luxembourg/asset-management/annual-report-dnb-asset-management-sa.pdf>.

⁴² Mellanox, "Company Overview", http://www.mellanox.com/page/company_overview, accessed 9/12/17.

⁴³ Mellanox, "Contact", <http://www.mellanox.com/page/contact>, accessed 9/12/17.

⁴⁴ Shikun & Binui Ltd., "Company Profile," <http://en.shikunbinui.co.il/category/profile>, accessed 1/2/18.

DNB has placed Shikun & Binui on the exclusion list due to a violation of human rights. DNB categorized Shikun & Binui business activities in violation of human rights for the company's "involvement in developing settlements in occupied Palestinian territory."⁴⁵ DNB further concluded that Shikun & Binui's construction activities are a "violation of the Fourth Geneva Convention."⁴⁶ Thus, it is clear DNB's decision to exclude Shikun & Binui is politically motivated and not based on legitimate business-related reasons.

Elbit Systems Ltd.

Elbit Systems is an Israeli-based international defense electronics that supplies and maintains electronic equipment for Israel's security barrier. DNB placed Elbit Systems on the exclusion list for its "violation of human rights." It is important to note that Elbit Systems was not excluded from DNB's list for manufacturing weapons, but rather for violation of human rights.

While, DNB does not explicitly provide details about its categorization and decision to exclude Elbit, other Nordic companies have boycotted Elbit for the same "violation" - supplying electronic equipment used for the separation barrier. Among these boycotting companies are Danske Bank and Norges Bank.⁴⁷ Additionally the Council on Ethics has placed Elbit Systems on their excluded list which is likely to have influenced DNB's decision,⁴⁸ as DNB tends to refer to the GPFG's exclusion list.

Africa Israel Investments and Danya Cebus

Africa Israel Investments (AFI) and Danya Cebus are also included on DNB's exclusion list for violations of human rights. AFI, an international holdings and investments group based in Israel, focuses on projects in real-estate, construction, infrastructure, and industry.⁴⁹ Danya Cebus is a subsidiary of AFI with business activities in the construction sector.⁵⁰

DNB does not elaborate on its decision to exclude AFI or Danya Cebus. However, both companies appear on GPFG's exclusion list and it is likely that DNB's decision to exclude the two companies were based on the Council's guidance.

Conclusion

DNB ASA adheres to specific internal corporate social responsibility policies and responsible investment guidelines. These policies and guideline closely coincide with the Norwegian Council on Ethics guidelines – as required by all companies that the Norwegian government has investment

⁴⁵ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

⁴⁶ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

⁴⁷ Norges Bank, "Observation and Exclusion of Companies," published 6/29/17, <https://www.nbim.no/en/responsibility/exclusion-of-companies/>, accessed 9/6/17.

⁴⁸ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

⁴⁹ Africa Israel Investments, "Home Page," <http://www.afigroup-global.com/> accessed 1/2/18.

⁵⁰ Danya Cebus, "About the Company," <http://www.danya-cebus.co.il/en/about-the-company/profile/>, accessed 9/10/17.

shares. Evidence reveals that DNB, influenced by the Norwegian government's policies, views Israel's presence in the West Bank as a violation of human rights as well as a violation of the Fourth Geneva Convention.

DNB ASA's exclusion list includes four Israel-based companies with operations in the West Bank, for alleged violations of human rights. Evidence suggests that DNB exclusion of four Israeli companies is politically motivated as DNB has failed to provide legitimate business-related reason for exclusion.

Finally, research reveals that DNB no longer invests in Israeli banks or other companies that operate in the West Bank – further evidence that these companies are subject to boycott and divestment from DNB for politically motivated purposes and not for legitimate business-related reasons.

Therefore, it is recommended that each state with anti-BDS legislation prohibiting state investments in companies engaged in a boycott of Israel include DNB ASA on their respective restricted company list for future divestment.

Appendix A

Shareholder structure in DNB ASA as at 31 December 2016		
Largest Shareholders	Shares in 1000	Shares in %
Norwegian Government/Ministry of Trade, Industry and Fisheries	553,792	34.00
DNB Savings Bank Foundation	146,541	9.00
Folketrygdfondet	100,470	6.17
Fidelity International Limited (FIL)	43,129	2.65
BlackRock	37,303	2.29
Schroder Investment	27,111	1.66
T. Rowe Price Group	26,898	1.65
The Vanguard Group	24,377	1.50
MFS Investment Management	24,310	1.49
Newton Investment Management / BNY Mellon	23,630	1.45
State Street Global Advisors	23,043	1.41
Deutsche Asset Management	21,701	1.33
AXA / AllianceBernstein	17,435	1.07
BNP Paribas Investment / Alfred Berg	15,823	0.97
KLP Asset Management	15,745	0.97
Storebrand Asset Management	15,615	0.96
Danske Capital	15,371	0.94
DNB Asset Management	15,347	0.94
SAFE Investment Company	13,506	0.83
Columbia Threadneedle Investments	12,812	0.79
Total largest Shareholders	1,173,959	72.08
Other shareholders	454,840	27.92
Total	1,628,799	100.00

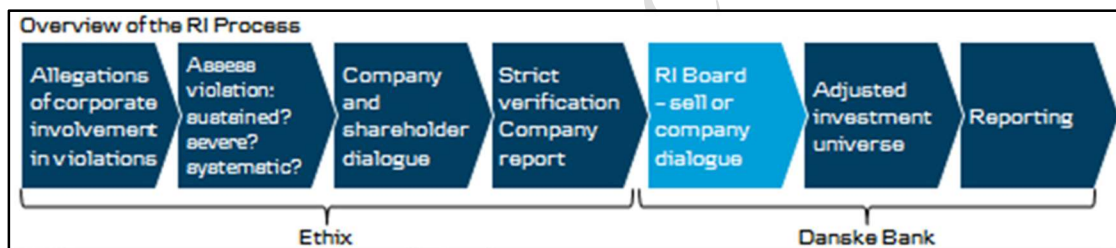
(Source: [DNB Website](#), Accessed 09/07/2017)

Appendix B

Danske Bank

Danske Bank, a Nordic financial institution, has an exclusion list of companies that fail to comply with the bank's environmental, social and corporate governance (ESG) policy. Two Israeli companies still appear on the bank exclusion list. Danske Bank retained services from Ethix to clarifying *"the circumstances under which companies are alleged to have violated international norms."*⁵¹ In a 2013 document titled "Areas of Conflict Danske" and related to Danske's policy regarding *"the Israeli settlements in the occupied Palestinian territories"*, the bank writes the following: *"Company evaluations are conducted by Ethix, which is Danske Bank's independent adviser for responsible investing. Ethix gathers facts from relevant parties, evaluates whether a company contributes to the violation of international guidelines, and if so, evaluates whether the company can avoid this."*⁵²

Figure 1 Danske's responsible investment process involving Ethix



Nordea

Based in Sweden, Nordea is a Nordic bank that in 2013 requested a detailed report from its Israeli partners on their activities beyond the Green Line. Nordea also organized field visits to Israel to look into this issue. On the one hand, the Financial Times reports that Nordea concluded that Hapoalim and Mizrahi-Tefahot *"do not act in breach of international laws and regulations."*⁵³ On the other hand, Nordea blacklisted CEMEX for *"human rights violation, extraction of non-renewable resources from occupied territory."*⁵⁴ Nordea's responsible investment team states that it buys analysis from external suppliers such as Ethix.⁵⁵

SEB

In June 2017, SEB, a Swedish bank announced that it added 40 new companies to its exclusion list that *"violate international standards for the environment, corruption, human rights and labor*

⁵¹ Danske Bank, "Responsible Investment Screening, <https://danskebank.com/en-uk/CSR/business/SRI/Pages/SRI-screening.aspx>, accessed 10/30/17.

⁵² Danske Bank, Areas of Conflict, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2016/1/areas-of-conflict.-la=en.pdf>, accessed 9/5/17.

⁵³ FT, Nordea Stands by Israeli Bank Investment, <https://www.ft.com/content/4c6bfd04-f2fa-11e3-a3f8-00144feabdc0>, accessed 9/10/17.

⁵⁴ Nordea, "Exclusion List" <https://www.nordea.com/en/responsibility/sustainable-finance/exclusion-list/>, accessed 9/10/17.

⁵⁵ Nordea Funds, Hållbarhetsöversikt för Nordea Funds Ab, Published 10/17, <http://nordease.live.prod.wem.nordea.com/Images/39-180635/H%C3%A5llbarhets%C3%B6versikt-Nordea-Funds2017.pdf>, accessed 10/30/17.

law."⁵⁶ Among the new companies blacklisted were some Israeli companies and non-Israeli companies active in the West Bank.⁵⁷ Ethix, and more precisely former humanitarian worker in the West Bank, Michele Prisco, were behind SEB's decision.⁵⁸ After the published list aroused a polarized political debate, SEB reversed its decision.⁵⁹

AP7

AP7 is a Swedish national pension fund whose mission is to responsibly manage funds and "provide a return that is at least as good as the average of the private investment funds in the system."⁶⁰ Ulrika Hasselgren, Ethix SRI Advisor's co-founder, was hired by AP7 in 2000 to establish an SRI policy that would exclude companies allegedly violating norms and standards in various fields such as environment, labor law and human rights.⁶¹ In AP7's latest exclusion list (June 2017), two companies are blacklisted for alleged "human rights violations in connection with activities in occupied Palestinian Territories": Heidelberg Cement and HP Enterprises.⁶²

⁵⁶ SEB, SEB Raises the Sustainability Level for All Funds, Published 6/12/17, <https://sebgroupp.com/press/news/seb-raises-the-sustainability-level-for-all-funds>, accessed 9/10/17.

⁵⁷ Stoppa Bojkott, SEB bojkottar Israel = USA bojkottar SEB, <http://www.stoppabojkott.se/seb-bojkottar-israel-usa-bojkottar-seb/>, accessed 9/10/17.

⁵⁸ Varldenidag, SEB Does Only Half a Poodle for Israeli Boycott, Published 6/21/17, <http://www.varldenidag.se/israelkommentar/seb-gor-bara-halv-pudel-gallande-israelbojkott/Bbbqfn!m0uvdnRG6UxJcw7xU2oSOg/>, accessed 9/10/17.

⁵⁹ SEB, Retake on Exclusion Lists for SEB Funds, Published 6/16/17, <https://sebgroupp.com/press/news/retake-on-exclusion-list-for-sebs-funds>, accessed 9/10/17.

⁶⁰ AP7, "In English", <https://www.ap7.se/english/>, accessed 9/10/17.

⁶¹ AP7, 2016 Report, https://www.ap7.se/app/uploads/2017/05/AP7_16_d_Final_LOW.pdf, accessed 9/10/17.

⁶² AP7, Svartlistade bolag juni 2017, <https://www.ap7.se/app/uploads/2017/06/Svarta-listan-jun-2017-kommunikation.pdf>, accessed 9/10/17.

Storebrand ASA

Last Updated: January 4, 2018

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Introduction to Storebrand

Storebrand ASA is a financial services company headquartered outside Oslo, Norway. The company's financial services include long-term savings, pension funds, and insurance, as well as investment services, banking services, and insurance products. Through its acquisition of Swedish SPP from Handelsbanken in 2007, Storebrand gained a sizable division dedicated to the Swedish market for life insurance, asset management, and health insurance activities.¹

Storebrand is a public company listed on the Oslo Stock Exchange. Its largest shareholder is Folketrygdfondet which holds 12.59% of Storebrand shares.² Folketrygdfondet is a professional investment manager whose main task is to manage the Government Pension Fund-Norway on behalf of Norway's Ministry of Finance.³ Originally, Folketrygdfondet was organized directly under the Ministry of Finance. However, in 2008 it was transformed into a company, marking a clear delineation between the capital (Government Pension Fund Norway) and the manager of this capital (Folketrygdfondet).⁴

Storebrand, led by Chief Executive Officer Odd Arild Grefstad, employs approximately 3,000 people and serves a total of 1.9 million customers in Norway and Sweden.⁵

Main Findings

- Storebrand refers to Israel's presence in the Judea and Samaria area⁶ as an illegal occupation.
- Storebrand engaged in dialogue with Veolia in an effort to end Veolia's involvement in transportation between Jerusalem and "illegal Israeli settlements on the West Bank."
- Storebrand currently excludes eight companies operating in the Judea and Samaria area for violations of international law and human rights.
- Israeli banks are the *only* banks excluded by Storebrand.

Storebrand's Investment Policy

"The Storebrand Standard" is internal investment policy that steers Storebrand's investment decisions. The Storebrand Standard is based on compliance with various international guidelines including:

- The UN Charter
- The Hague Conventions

¹ Storebrand, "About Storebrand", <https://www.storebrand.no/en/about-storebrand>, accessed 01/11/17

² Storebrand, "Investor Relations", <https://www.storebrand.no/en/investor-relations/share>, accessed 01/11/17

³ Folketrygdfondet, "About Us", <http://www.folketrygdfondet.no/about-us/category390.html>, accessed 11/11/17

⁴ Folketrygdfondet, "History", <http://www.folketrygdfondet.no/history/category406.html>, accessed 11/11/17

⁵ Storebrand, "About Storebrand", <https://www.storebrand.no/en/about-storebrand/further>, accessed 01/11/17

⁶ Judea and Samaria are Israeli-controlled, Jewish-majority civilian areas of Area C of the West Bank. The Jewish settlement in Judea and Samaria remain one of the primary issues of the Israeli-Palestinian conflict.

- The Geneva Conventions
- UN Security Council Resolutions Protocols additional to the Geneva Conventions
- UN General Assembly Resolutions
- International Court of Justice (ICJ) Decisions
- International Criminal Court Decisions
- UN Human Rights Conventions/declarations ILO conventions⁷
- The OECD Guidelines⁸
- The UN Global Compact⁹
- UN Guiding Principles on Business and Human Rights¹⁰
- UN Principles for Responsible Investments (PRI)¹¹
- UN Convention on the use of Certain Conventional Weapons (CCW)
- The ICJ opinion on the Legality of the Threat or Use of Nuclear Weapons
- Convention on the Prohibition of Anti-Personnel Mines and on their Destruction (Ottawa Treaty)
- The Convention on Cluster Munitions (CCM)

Storebrand clearly states that it will not invest in companies that are in violation of the above conventions and guidelines.¹²

Storebrand's Exclusion Process

The Storebrand Standard applies to all internally managed funds and pension portfolios. Storebrand diligently monitors all companies in its investment universe. If a company is found to be in breach of the Storebrand Standard, Storebrand will engage with the company and seek to alter their behavior. If dialogue does not lead to the desired outcome whereby the company alters behavior to adhere to the Storebrand Standard, Storebrand may choose to exclude the company from its investment universe. Additionally, a company may also be excluded when subsidiaries controlled by the company, typically through ownership of 50% or more, are in breach of the

⁷ The ILO's Governing Body has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation

⁸ OECD Guidelines for multinational companies are recommendations to multinational enterprises. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, combating bribery and more.

⁹ The UN Global Compact is an agreement by international companies to adopt business policies which encourage environmental sustainability and social responsibility. Among the principles taken into consideration is Human Rights Law and violations.

¹⁰ The UN Guiding Principles on Business and Human Rights has the objective to enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization.

¹¹ Principles set forth by investors to further the integration of responsibility into the investment process as well as to be transparent about the investment process.

¹² Storebrand Asset Management, Analysis Criterion: Human Rights, Published 09/2016, <https://www.storebrand.no/en/sustainability/storebrand-standard/attachment/6091?ts=1577a26bfc4>, accessed 01/11/17

Standard. However, subsidiary companies with less than 50% ownership will only be excluded if they are involved in the same unacceptable activities.

Storebrand's exclusion process involves the utilization of both internal and external data as well as evaluations. There are three ways a company can be excluded.

1. Production-based exclusions: Specifically, companies that produce tobacco or controversial weapons.
2. Performance-based exclusions: High-risk industry companies with sustainability rating below 10%.
3. Event-based exclusions: Companies associated with events in violation of international law, conventions and human rights. Companies found in violation are assessed anonymously by the Storebrand Investment Committee before a company is placed on the excluded investment list.¹³

However, if an excluded company demonstrates that they are not in violation of the Storebrand Standard, through changes or improvements in their policies and business operations, the company may be reintroduced to Storebrand's investment ecosystem.¹⁴

Storebrand's exclusion list is categorized as follows:¹⁵

Exclusion category	Number of companies
Controversial weapons	25
Corruption and economic crime	12
Severe environmental damage	74
Violation of International law and human rights	33
Low sustainability rating	33
Tobacco	22
Total number of excluded companies	187*

*Some companies are excluded on the basis of several criteria.

(Source: Storebrand, [Exclusion List](#), accessed 10/11/17)

Storebrand's Boycott/Divestment Against Israel

Storebrand's investment policy includes a classification of companies with operations in occupied areas. Storebrand specifically investigates "situations where: security companies assist an occupying state to 'maintain the peace' in a conflict area; companies help an occupying state power to extract the natural resources of an occupied territory; help the occupying power by selling goods and services that further the occupation or the settlement of the occupying power's civilians in

¹³ Storebrand, "Exclusions", <https://www.storebrand.no/en/sustainability/exclusions>, accessed 01/11/17

¹⁴ Ibid.

¹⁵ Ibid.

occupied territories or may contribute to genocide by funding campaigns of violence. In addition, Storebrand will also require companies to examine their supply chains to ensure that for example their buying of raw materials is not contributing to fuel conflict.”¹⁶

Storebrand refers to Israel’s presence in the West Bank as an illegal occupation.¹⁷ In 2011, Storebrand visited Israel and the Palestinian territories with the Norwegian Red Cross in order “to gain better insight into conflict areas and investments”.¹⁸ On this trip, Storebrand met with nongovernmental organizations (NGO) and other stakeholders.

Influenced by Pro-BDS Organization, NPA

Norwegian People's Aid (NPA), a Norwegian NGO, is a well-known supporter of boycott and divestment efforts against Israeli companies and has been characterized as "a leader and mobilizer of anti-Israel boycotts."¹⁹ NPA released a two-part publication series called “Dangerous Liaisons: Norwegian ties to the Israeli Occupation” with the stated aim of “contribut[ing] to the reduction of Norwegian support to the occupation.”²⁰ The reports name and shame businesses active in the West Bank as well as Norwegian companies invested in those businesses. The 2013 publication investigated Storebrand among other Norwegian financial institutions.²¹

NPA also engages in dialogue with these Norwegian companies, pressuring them to divest from Israel. In their 2016 annual report, NPA boasts that it held “a series of [conversations] with investors...including with HeidelbergCement, the Ethical Council to the Government Pension Fund Global, DNB, KLP and **Storebrand** (emphasis added).”²² NPA specifically claimed that “following such dialogue, **Storebrand excluded nine companies** (emphasis added).”²³

Africa-Israel Investments (AFI)

¹⁶ Storebrand Asset Management, Analysis Criterion: International Law, Published 09/2016, <https://www.storebrand.no/en/sustainability/storebrand-standard/attachment/6092?ts=1577a27a829>, accessed 01/11/17

¹⁷ Storebrand, “Active Ownership”, <https://www.storebrand.no/en/sustainability/active-ownership>, accessed 01/11/17

¹⁸ Storebrand, Annual Report 2011, <https://www.storebrand.no/en/investor-relations/annual-reports/attachment/7642?ts=15aa8fcc54f>, accessed 01/11/17

¹⁹ NGO Monitor, "Norwegian People's Aid NPA," published 8/20/17, http://www.ngo-monitor.org/ngos/norwegian_people_s_aid_npa/, accessed 9/10/17; Norwegian People's Aid, "AFI Group and Danya Cebus re-excluded from the Norwegian Government Pension Fund," published 1/30/14, <https://www.npaid.org/layout/set/print/News/News-archive/2014/AFI-Group-and-Danya-Cebus-re-excluded-from-the-Norwegian-Government-Pension-Fund>, accessed 9/10/17.

²⁰ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

²¹ Norwegian People's Aid "Dangerous Liaisons: Norwegian Ties to the Israeli Occupation" <http://www.npaid.org/content/download/8295/154775/file/Report%20Dangerous%20Liaisons.pdf>

²² NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

²³ NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

In 2009, BlackRock, a British investing company, came under fire for holding investments in Africa-Israel. Norwatch, an independent news service that critically investigates whether Norwegian businesses act in accordance with international standards, reported that a number of Norwegian companies, including Storebrand, were contributing to the “illegal occupation” through their assets entrusted to BlackRock.²⁴ Storebrand contacted BlackRock and encouraged it to sell its holdings in Africa-Israel.²⁵ Christine Tørklep Meisingset, Head of Corporate Responsible Investments for Storebrand Capital Management at the time, stated the following:

“We addressed our concerns related to Africa-Israel Investments...we perform quarterly control of the external funds Storebrand offers its customers, including this BlackRock fund. If a fund violates our ethical guidelines, we do what we can to get the manager to change course. We ask them to: A) contact the appropriate company to conduct active ownership or B) sell out of the relevant company. If we do not meet our requirements, it may be advisable to stop offering the relevant fund.”²⁶

Veolia

Veolia, a French transnational company with transport services, was listed on Storebrand’s 2015 Exclusion List for operating in “the occupied Palestine territories...hereby contributing to violations of international law.” Veolia, through its subsidiary, Connex Israel, was involved in a light rail construction project that went through East Jerusalem. As a result, Veolia was the target of a boycott campaign as companies, including Storebrand, pressured Veolia to withdraw from the project.²⁷ Storebrand aimed to influence Veolia “to end their operations including their transport services – bus and train services – between Jerusalem and “illegal Israeli settlements on the West Bank, as well as waste management in the region.” Through “e-mail correspondence and telephone conferences with Veolia's Investor Relations Department,”²⁸ Storebrand pressured Veolia to leave Israel. In their conversations, Storebrand “raised issues such as international law, EU recommendations, the UN Guiding Principles on Business and Human Rights, the Global Compact's principles”²⁹ and their own guidelines.

In April 2015, Veolia ceased their operations relating to water supply, waste management, and energy provision in Israel and the West Bank and sold its stake in the regional transport service

²⁴ Erik Hagen, “More Norwegian investors in the West Bank company?”, published, 03/24/09, <https://www.framtiden.no/200903244451/aktuelt/etiske-investeringer/flere-norske-investorer-i-vestbredden-selskap.html>, accessed 9/10/17

²⁵ Adi Ben-Israel, “BlackRock denies politics played role in Africa-Israel sale”, Globes, published 08/26/09, <http://www.globes.co.il/en/article-1000493234>, accessed 02/11/17.

²⁶ Erik Hagen, “Norwegian savings money out of the West Bank”, published 08/20/17, <https://www.framtiden.no/200908204522/aktuelt/etiske-investeringer/norske-sporepenger-ut-av-vestbredden.html>, accessed 9/10/17

²⁷ RTE, “Jerusalem's long-awaited light rail finally ready to roll”, published 22/11/17, <https://www.rte.ie/news/special-reports/2010/1122/294690-israel/>, accessed 03/12/17; Financial Times, “Transdev exits Jerusalem light rail project”, <https://www.ft.com/content/ed506b0c-4f37-11e5-b029-b9d50a74fd14>, accessed 03/12/17

²⁸ Storebrand, “Active Ownership”, <https://www.storebrand.no/en/sustainability/active-ownership>, accessed 01/11/17

²⁹ Ibid.

industry. As a result, Storebrand took Veolia off its exclusion list and included it in its investment portfolio.³⁰

Current Exclusions

As early as 2015, Storebrand began to exclude companies for their operations in the West Bank.³¹ As of 2017, Storebrand excludes eight companies operating in the Judea and Samaria areas for violations of international law and human rights.³²

Storebrand itself does not provide any reasons for their listing of these companies. However, NPA claims that “Storebrand has excluded Bank Hapoalim, Bank Leumi, Cemex, G4S, Heidelberg Zement, Hewlett-Packard, Mizrahi Tefahot Bank, [and] Motorola due to activities linked to the Israeli occupation of the Palestinian territories.”³³

Discriminatory Policy Toward Israeli Banks

Regardless of the specific reasoning for excluding these eight companies, **Israeli banks are the only banks on Storebrand’s exclusion list for violations of human rights and international law.** While their list does exclude companies operating in other occupied territories such as the Western Sahara, it does not list banks in those territories. As such, **this is a clear case in which Storebrand discriminates against Israeli banks.**

Storebrand Exclusion List	
3. Human rights and international law	
• AES Corp	
• Agrium	
• Alstom	
• Bank Hapoalim	
• Bank Leumi Le-Israel	
• Bayer AG	
• Cemex Cpo	
• Centrais Eletricas Brasilier	
• Dongfeng Motor Group Co Ltd	
• Elbit Systems Ltd	
• General Motors Co	
• Glencore Xstrata PLC	
• Group 4 Securior	
• Grupo Mexico	
• Heidelberger Zement	
• Hyundai Motor Co	
• Incitec Pivot Ltd	
• Johnson & Johnson	
• Mizrahi Tefahot Bank Ltd	
• Motorola Solutions	
• Oil & Natural Gas Corp	
• Petrochina Co	
• Posco	
• Posco Daewoo Corp	
• Potash Corp Saskatchewan	
• Southern Copper Corp	
• Telia Co AB	
• TransCanada Corporation	
• Turkcell Iletisim Hizmet	
• Vedanta Ltd	
• Walmart Co	
• Wesfarmers	
• ZTE Corp	

(Source: Storebrand, [Exclusion List 2017 Q3](#), accessed 10/21/17)

Conclusion

Storebrand adheres to certain internal investment policies and standards. The company views Israel’s presence in the Judea and Samaria area as a violation of international law and human rights norms. As such, Storebrand engaged with BlackRock, regarding its investment in Africa-Israel, and Veolia, regarding the company’s transportation operations in the West Bank. Additionally, Storebrand currently excludes eight companies operating in the West Bank and specifically excludes Israeli banks from its investment universe.

Therefore, it is recommended that each state with anti-BDS legislation prohibiting state investments in companies engaged in a boycott of Israel include Storebrand on their respective restricted company list for future divestment.

³⁰ Ibid.

³¹ Storebrand, Sustainable Investments in Storebrand Q4 2015, https://www.storebrand.no/en/sustainability/reports/_attachment/4919?_ts=154c93ce9df, accessed 01/11/17

³² Storebrand, Sustainable Investments in Storebrand Q3 2017, https://www.storebrand.no/en/sustainability/exclusions/_attachment/8826?_ts=15fd96e7fa3, accessed 01/11/17

³³ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

Danske Bank

Last Updated: 12/27/17

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Purpose of Report

The purpose of this report is to determine whether Danske Bank is engaged in a boycott of Israel and Israeli companies. This report is intended to inform your administration about Danske's activities, should investments in or contract services with the company exist or be considered at a later date.

Introduction to Danske Bank

Danske Bank is Denmark's largest financial institution. In addition to banking services, Danske Bank provides life insurance, pension, mortgage credit, wealth management, real estate and leasing services, and products.¹ Danske serves 2.7 million personal customers, 230,000 small-medium sized business customers, and 1,800 corporate and institutional customers.² Danske Bank is headquartered in Copenhagen and operates in 16 different countries.

Danske Bank is a publicly traded company on the Nasdaq Copenhagen. The bank's largest shareholders are A. P. Møller Holding Group, holding 20% of shares and BlackRock, Inc. holding more than 5% of shares.³ The company is led by Chairman Ole Anderson, and CEO Thomas F. Borgen.⁴

Main Findings

- Danske Bank considers Israel's presence in the West Bank illegal.
- Based on the advice of ISS-Ethix, Danske excluded Elbit Systems from its investment universe for providing "electrical equipment" to the security barrier.
- Danske's exclusion of Elbit Systems appears to be part of a systematic boycott initiated by the Norwegian Council on Ethics.
- In response to dialogue with US States related to anti-BDS legislation, Danske has recently removed its "Areas of Conflict" document pertaining to the "occupied Palestinian Territories" and denies involvement in a boycott of Israel.

Danske Bank's Investment Policy

Danske maintains a strict environmental, social and governance (ESG) policy and complies with various international norms and standards including the following:

¹ Danske, "About Us", <https://danskebank.com/da/om-os>, accessed 12/10/17.

² Ibid.

³ Danske, "Investor-Relations", <https://danskebank.com/investor-relations/shares/largest-shareholders>, accessed 12/10/17.

⁴ Danske, "Meet the Management", <https://danskebank.com/da/om-os/vores-ledelse>, accessed 12/10/17.

- UN Global Compact⁵
- UN Guiding Principles on Business and Human Rights⁶
- OECD Guidelines for Multinational Enterprises⁷
- ILO Declaration on Fundamental Principles of Right at Work⁸
- Universal Declaration of Human Rights

Danske Bank's Exclusion Process

Danske Bank maintains a list of companies excluded from its investment universe. Exclusion occurs when a company fails to meet the requirements set out in Danske's Responsible Investment (RI) policy. Danske hired ISS-Ethix (previously, Ethix SRI Advisors), an external consulting agency, to conduct exclusionary screenings.

Exhibit 1. Danske Responsible Investing Process



(Source: Danske Bank, "[SRI Screening](#)")

If it is determined that an excluded company "is no longer in conflict with the Responsible Investment criteria, the securities issued by the company are once again included in the investment universe."⁹

The reasons for exclusion can be schematically classified in the following categories:

- Production of nuclear weapons

⁵ UN Global Compact is an agreement of international companies to adopt business policies which encourage environmental sustainability and social responsibility. Among these principles are taking into consideration Human Rights Laws and violations.

⁶ The UN Guiding Principles on Business and Human Rights has the objective to enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization.

⁷ The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards.

⁸ Adopted in 1998, the Declaration commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.

⁹ Danske, "Excluded Companies," published 01/02/17, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/2/excluded-companies.pdf>, accessed 12/17/17.

- Production of cluster munitions, anti-personnel mines
- Breach of environmental norms
- Breach of labor rights norms
- Breach of human rights norms

Danske's exclusion list is updated annually and published on its website. The current list was last updated on January 2, 2017.

Danske Bank's Attitude Toward Israel

In January 2013, Danske issued a document titled "Areas of Conflict" describing the bank's ESG policy in "countries and areas where there are conflicts, where local law often deviates from the norms of the international community".¹⁰ The document uniquely singles out the Israel-Palestine conflict, specifically detailing Danske's position on Israel's settlements. The document states:

"The Israeli settlements in the occupied Palestinian territories have been criticized by the UN and the EU and the Nordic governments. According to standard international law, the settlements are considered illegal and a hinderance to achieving peace. Companies' activities related to these settlements are therefore controversial and in some cases represent a violation of international conventions and guidelines. Whether there is a violation depends on an evaluation of the individual companies' actual activities."¹¹ (See Appendix A for full document)

Additionally, in 2010 Danske's former Head of RI, Thomas H. Kjærgaard, commented on the Bank's views on Israel and Israeli settlements. He stated that the "social responsible investing (SRI) policy goes further than...and incorporates standards prepared by the UN and also analyzes the political context."¹² This statement suggests that to some extent Danske's investment decisions are politically motivated, particularly and uniquely toward Israel.

Danske's Boycott/Divestment Against Israel

In 2015, Danske's exclusion list targeted five Israeli companies and provided the following reasons for each exclusion:

Exhibit 2. Israeli Companies on Danske's Exclusion List

Company	Alleged Violation
Africa Israel Investments Ltd.	Construction activities in conflict with international humanitarian law
Bank HaPaoalim	Activities in conflict with international humanitarian law
Danya Cebus	Construction activities in conflict with international humanitarian law
Elbit Systems	Supplying electronic equipment in conflict with human rights norms
Aryt Industries Ltd.	Production of anti-personnel mines and cluster munitions, which is prohibited under international conventions

(Sourced from Danske Bank website)

¹⁰ Danske, "Areas of Conflict", published 01/04/2013, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2016/1/areas-of-conflict--la=en.pdf>, accessed 12/17/17.

¹¹ Ibid.

¹² Berlingske Business, "Danske Bank cuts out Controversial Israeli Companies," Published January 25, 2010. <http://www.business.dk/finans/danske-bank-frasorterer-omstridte-israelske-selskaber>, accessed 12/17/17.

Africa Israel Investments (AFI) and Danya Cebus

In 2010, Danske excluded Africa Israel Investments (AFI) from its investment universe. an international holdings and investments group based in Israel. AFI, an international holdings and investments group based in Israel, focuses on projects in real-estate, construction, infrastructure, and industry.¹³ Danske decision to excluded AFI was due to “construction activities in conflict with international humanitarian law.”

Additionally, Danske excluded Danya Cebus, an Israeli construction company and subsidiary of AFI. Danske divested its holdings in the company in 2010.¹⁴ Consequently, in the beginning of 2017, Danske removed Danya Cebus and AFI from its exclusion list with no public explanation.

Bank Hapoalim

In 2014, Danske excluded Bank Hapoalim from its investment universe due to Hapoalim’s involvement in Israeli settlements in “conflict with international humanitarian law.”¹⁵ At a March 2014 General Assembly meeting, Danske denied that its exclusion of Bank Hapoalim was due to a politically motivated boycott of Israel. Danske explained that it excluded the Israeli Bank simply because it was advised to do so by ISS-Ethix, its external screening agency. Danske shifted the blame to ISS-Ethix for the exclusion and by the end of 2015 removed Bank Hapoalim from its exclusion list.¹⁶

Exhibit 3. Excerpt from March 18, 2014 Annual General Assembly Meeting Minutes

The Chairman of the Board of Directors said that, like a number of other large financial companies, Danske Bank had decided to put Bank Hapoalim on the list of companies that Danske Bank would not invest customer funds in. Danske Bank’s customers want Danske Bank to comply with the UN Global Compact and the UN Guiding Principles. The assessment of whether companies fail to comply with these guiding principles and should therefore be on the list was outsourced to external experts. It was not a boycott of Bank Hapoalim.

(Source: Danske Bank Annual General Assembly [March 18, 2014 Meeting Minutes](#))

Current Exclusion List

As of December 2017, two Israeli companies remain on Danske’s exclusion list: Elbit Systems and Aryt Industries Ltd. – both companies operate in the defense sector.

Aryt Industries Ltd is excluded from Danske's investment universe because it is involved in the “production of anti-personnel mines and cluster munitions, which is prohibited under international

¹³ Africa Israel Investments, "Home Page," <http://www.afigroup-global.com/> accessed 1/2/18.

¹⁴ The New York Jewish Week. “Denmark’s Largest Bank Drops Israeli Counterpart Over Settlement.” Published February 3, 2014. <http://jewishweek.timesofisrael.com/denmarks-largest-bank-drops-israeli-counterpart-over-settlements/>, accessed 12/17/17

¹⁵ DanWatch, “Danske Bank Removes Bank Hapoalim From Exclusion List, published 02/12/16, <https://danwatch.dk/en/danske-bank-removes-bank-hapoalim-from-exclusion-list/> , accessed 12/17/17.

¹⁶ Danske, Annual General Meeting No. 142 Minutes for March 18, 2014. https://www.danskebank.com/da-dk/ir/Aktien/Aktionaerer/Documents/AGM%202014/Minutes_GF2014_UK.pdf, accessed 12/17/17.

conventions." This does not constitute a boycott as many additional non-Israeli companies, such as Aeroteh SA, Lockheed Martin Corp, Oribtal ATK Inc and others, are excluded for the same reason.

While the exclusion of Aryt does not constitute a boycott of Israel, Danske's exclusion of Elbit seemingly does. *Danske's decision occurred in the context of a systematic divestment campaign against Elbit by multiple Nordic financial institutions including Norway's Government Pension Fund,¹⁷ KLP,¹⁸ PKA,¹⁹ and Sweden's Ethical Council.²⁰* From September 2009 through March 2010, all five Nordic financial institutions excluded Elbit from their investment universe.

The campaign against Elbit Systems began when the Norwegian Council on Ethics recommended that the Norwegian Ministry of Finance exclude Elbit Systems from the Government Pension Fund.²¹ The Council on Ethics explained in a 12-page document its decision was due to Elbit's contribution and maintenance of technology on Israel's separation barrier as the barrier crossed into "occupied Palestinian territory."²² After the Council on Ethics' exclusion of Elbit, other Nordic financial institutions followed suit.

Several BDS organizations such as Stop the Wall, IPPNW and Pax Christi claimed responsibility for this wave of divestment from Elbit Systems. Stop the Wall stated:

"The chain of divestments from Elbit started when Stop the Wall, the grassroots Palestinian anti-apartheid wall campaign and a long-term partner of IPPNW and Pax Christi, moved together with its Norwegian partners to persuade Norway's Minister of Finance Kristin Halvorsen to announce that the Norwegian State Pension Fund had sold its shares in Elbit, worth \$5.4 million. Inspired by this, campaigners in other countries started pressuring finance institutions on the issue."²³

Another indication of Danske's boycott is the discriminatory reasoning it provided for excluding Elbit Systems. *Danske stated that Elbit System is "involved in supplying electronic equipment in conflict with human rights norm"* (emphasis added).²⁴ *Elbit Systems is the only company*

¹⁷ Berklingske Business. "Danske Bank cuts out Controversial Israeli Companies." Publishes January 25, 2010. <http://www.business.dk/finans/danske-bank-frasortere-omstridte-israelske-selskaber>, accessed 12/17/17.

¹⁸ KLP, June 2010 Report, http://english.klp.no/polopoly_fs/1.28416.1409753289!/menu/standard/file/sri_report_june_2010.pdf, accessed 12/17/17.

¹⁹ Maan News, <http://www.maannnews.com/Content.aspx?id=257185>, accessed 12/17/17.

²⁰ API, "Annual Report of the Ethical Council 2009, <http://ap1.se/en/Financial-information-and-press/Press-releases/NewsContainer/2010/The-Annual-Report-of-the-Ethical-Council-2009--Dialogue-and-cooperation-are-effective-tools-for-influencing-companies-/>, accessed 12/17/17.

²¹ Norwegian Council on Ethic, "Recommendation to Exclude Elbit," <https://www.regjeringen.no/en/dokumenter/the-council-on-ethics-recommends-that-th/id575451/>, accessed 12/17/17; https://www.regjeringen.no/contentassets/f507de70bf0b4235bf760746452cf192/elbit_engelsk.pdf

²² Ibid.

²³ Stop the Wall, "Deutsche Bank We Are Out Elbit," <https://stopthewall.org/2010/05/28/deutsche-bank-we-are-out-elbit>, accessed 12/17/17.

²⁴ Danske, "Excluded Companies," published 01/02/17, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2017/2/excluded-companies.pdf>, accessed 12/17/17.

which has been excluded on this basis. Further, it is important to note that Elbit Systems was not been excluded for manufacturing weapons, but rather for human rights norms.

Influence from ISS-Ethix

As stated above, Danske Bank hired ISS-Ethix (then Ethix SRI Advisors) to do its exclusionary screening of companies. Arguably ISS-Ethix has maintained a biased policy against Israel and Israeli companies since at least 2008 – such as controversies over the French companies Veolia and Alstom and their participation in the construction of the Jerusalem Light Rail. Overtime companies, including Danske Bank, the Norwegian Council on Ethics, and the Swedish Ethical Council, have hired ISS-Ethix and based on their advice have boycotted Elbit Systems. (For more information, see the attached report on ISS-Ethix).

Danske's Investments in Israel

Danske Invest is the brand name for investment associations, alternative investment funds and mutual funds overseen by management companies in the Danske Bank Group.²⁵ As of October 31, 2017, Danske Invest holds equity in at least eight Israeli companies. (See Appendix C for listing of companies.)

Additionally, as of October 31, 2017, Danske holds Israeli government bonds.²⁶

Exhibit 4. Danske Israeli Bond Holdings

ILCPI 1 3/4 09/29/23	8.62%	Bonds	ILS	Israel	IL0011280810
ILCPI 0.1 10/30/20	6.26%	Bonds	ILS	Israel	IL0011371817

(Danske Invest, [Bonds](#), accessed 12/17/17)

Recent Developments

Danske Responds to US States

On October 8, 2017, Danske Bank's spokesperson, Kenni Leth detailed the bank's current engagement with anti-BDS legislation throughout the United States. In an article published in a local business paper, Leth explained that Danske was actively challenging the bank's placement on two US state blacklists. He wrote: (translated from Danish)

“Currently we are on exclusion lists in the states of New York and Colorado. We are however engaged in a dialogue to take our name off the lists. We are also in dialogue with the state of Illinois not to appear on their list. Earlier we had similar dialogues with

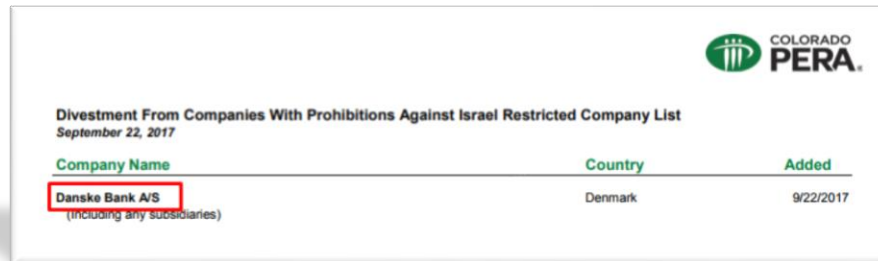
²⁵ Danske Invest, https://www.danskeinvest.dk/w/show_pages.content?p_nId=75&p_vPage=DIDKDK_ABOUT_US_2, accessed 12/17/17.

²⁶ Danske Invest, “Growth market bonds Real interest rate, class SEK”, published 10/31/17 https://www.danskeinvest.dk/w/show_funds.beholdningsliste?p_nId=1151&p_nFund=4338&p_nFundgroup=74

Florida, New Jersey and Arizona, and here too we have succeeded to keep ourselves out of their lists.”²⁷

After dialogue, Danske was removed from New York’s Restricted Companies List but still remains on Colorado’s list.

Exhibit 5. Colorado’s Restricted Company List

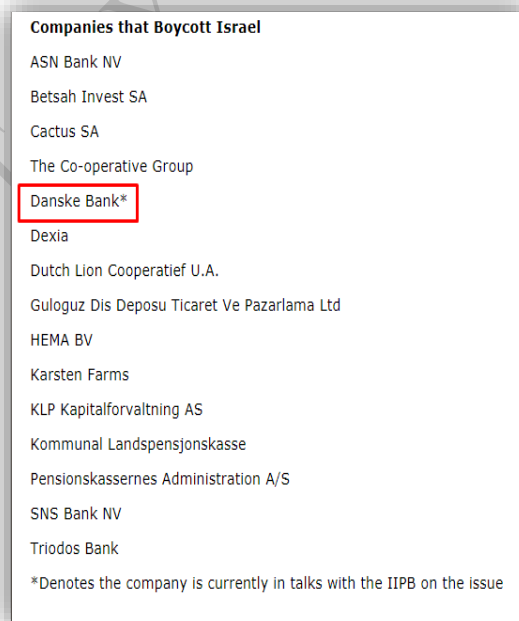


Company Name	Country	Added
Danske Bank A/S (including any subsidiaries)	Denmark	9/22/2017

(Source: Colorado PERA, [Restricted Companies List](#), accessed 12/17/17)

On June 6, 2017, Danske Bank submitted a signed certification to the Illinois Investment Policy Board affirming that the bank is not involved in a boycott of Israel. Despite receiving a written certification, the Illinois Investment Policy Board remained unconvinced and on November 1, 2017 Danske was placed on Illinois’ Prohibited Investment List. The list denotes that the State is still in dialogue with Danske about its listing.

Exhibit 6. Illinois Current Prohibited Investment List



Companies that Boycott Israel
ASN Bank NV
Betsah Invest SA
Cactus SA
The Co-operative Group
Danske Bank*
Dexia
Dutch Lion Cooperatief U.A.
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd
HEMA BV
Karsten Farms
KLP Kapitalforvaltning AS
Kommunal Landspensjonskasse
Pensionskassernes Administration A/S
SNS Bank NV
Triodos Bank

*Denotes the company is currently in talks with the IIPB on the issue

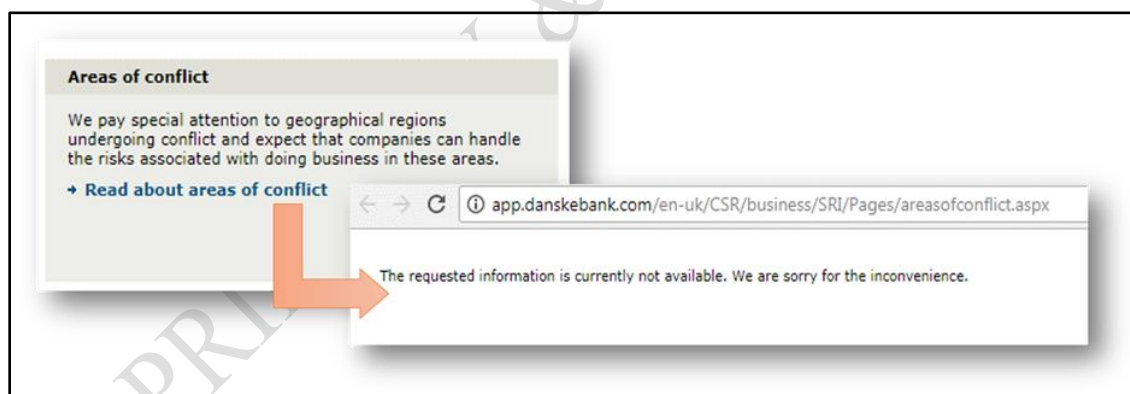
(Illinois Investment Policy Board, [Prohibited Investments](#), accessed 12/17/17)

²⁷ Business, <https://www.business.dk/investor/israelske-vaabenproducenter-saetter-danske-bank-i-amerikansk-klemme> , accessed 12/17/17.

Removal of “Areas of Conflict”

Until recently, the discriminatory document describing Danske’s specific policy for Israel and the “Occupied Palestinian Territories” was readily available on Danske's official website. On September 27, 2017 the weblink and document were accessible on the “Responsible Investment” section of Danske’s website. By the end of October, neither existed – the webpage was changed, and the document was taken down.

Exhibit 7. Danske Removes “Areas of Conflict” from website



Note: The text is still available through Google's archive system. The PDF was saved prior to Danske's removal from the website. (See Appendix A).

Statements from Danske

After engaging with numerous US States, Danske spokespersons have publicly stated that Danske is not boycotting Israel. Thomas H. Kjærgaard, former head of RI at Danske stated, “Danske Bank does not boycott Israel or Israeli companies as such, and we do not take part in the so-called BDS

campaign targeting Israel.”²⁸ Likewise, Robert Bruun Mikkelsen, head of Investment Risk & Implementation at Danske, stated, “We do not have a specific investment policy towards Israeli companies, but all companies we invest in have to comply with our internal guidelines for responsible investments.”²⁹ And finally, Danske’s legal counsel speaking on behalf of the company, stated:

“Danske Bank does not boycott Israel. As we have explained previously, Danske Bank does business with a range of Israeli companies, and many of Israel’s largest banking and financial institutions. Many of these financial institutions have extensive business operations in the Palestinian Territories. This level of commercial activity is fundamentally inconsistent with the notion that Danske is engaged in a boycott against Israel or Israeli companies.”³⁰

The boycott allegations against Danske by the US States have forced the bank to declare publicly that it is not participating in the boycott and BDS campaign against Israel.

Conclusion

Danske Bank views the Israeli’s presence in the West Bank as illegal. As such, Danske has exhibited discriminatory behavior towards Israel and Israeli companies. Continued reliance on the advice and counsel from ISS-Ethix has resulted in exclusion of several Israeli companies. However, subsequent removal of Bank Hapoalim, Danya Cebus, and Africa Israel from its exclusion list and holding investments in Israeli companies is not an indicator of Danske participation in a boycott of Israel. The orchestrated exclusion of Elbit Systems for discriminatory reasons suggests Danske is participating in a boycott of Israel.

Furthermore, recent engagement with US States with anti-BDS legislation seems to have altered Danske’s public view towards Israel – prompting the removal and deletion of the discriminatory webpage and document pertaining to the Israel-Palestine conflict and recent public statements rejecting Danske’s participation in a boycott. However, despite the apparent altered behavior, Danske Bank remains on two state prohibited investments lists and internal communication with other states suggests that divestment from the bank will occur in the future.

Therefore, it is recommended that each state with anti-BDS legislation prohibiting state investments in companies engaged in a boycott of Israel include Danske Bank on their respective restricted company list for future divestment.

²⁸ JPOST, “Colorado Sanctions Danish Bank for BDS Activity Against Israeli Companies,” published, 09/26/17, <http://www.jpost.com/BDS-THREAT/Colorado-sanctions-Danish-bank-for-BDS-activity-against-Israeli-companies-505996>, accessed 12/05/17.

²⁹ Business, “Israeli Weapons Manufacturers Put Danske Bank in the American Squeeze,” published 10/08/17, <https://www.business.dk/investor/israelske-vaabenproducenter-saetter-danske-bank-i-amerikansk-klemme>, accessed 12/17/17.

³⁰ Borden, Charles. “Meeting of the Committee on Israel Boycott Restrictions.” Received by Mitchell Goldberg, Chairman, Illinois Investment Policy Board. December 2, 2017.



Areas of conflict

Last updated on 4 January 2013

Danske Bank's customers must feel secure that we invest their funds in a responsible manner regardless of where in the world the companies that we invest in operate. The companies we invest in must therefore comply with international guidelines and principles of social responsibility such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Businesses. In countries and areas where there are conflicts, where local law often deviates from the norms of the international community, these guidelines and principles are especially important. Certain areas of conflict are currently very controversial, for example Burma, Syria, the western Sahara and the occupied Palestinian territories.

Involvement in controversial activities

The Israeli settlements in the occupied Palestinian territories have been criticised by the UN, the EU and the Nordic governments. According to standard international law, the settlements are considered illegal and a hindrance to achieving peace. Companies' activities related to these settlements are therefore controversial and in some cases represent a violation of international conventions and guidelines. Whether there is a violation depends on an evaluation of the individual companies' actual activities. In order to adhere to Danske Bank's Responsibility policy, companies must comply with sanctions from the EU and the UN, including Security Council resolutions. In addition, we expect that companies are able to show the necessary caution and manage the risks that exist in areas of conflict. Company evaluations are conducted by Ethix, which is Danske Bank's independent adviser for responsible investing. Ethix gathers facts from relevant parties, evaluates whether a company contributes to the violation of international guidelines, and if so, evaluates whether the company can avoid this. Danske Bank has made systematic review of companies' activities in areas of conflict and controversy since 2008. The Bank has found it necessary to exclude companies when it believes that there is a violation of international norms. The Bank also conducts a dialogue with and gathers data on a number of other companies.

(Source: Danske Bank, "Areas of Conflict" – link has since been removed from website)

Danske Banks Exclusion List as of January 2, 2017

Company	Reason for exclusion
Aerojet Rocketdyne Holdings Inc.	Involved in production of nuclear weapons.
Aeroteh SA	Involved in production of cluster munitions, which is prohibited under an international convention.
Airbus Group SE	Involved in production of nuclear weapons.
Aryt Industries Ltd.	Involved in production of anti-personnel mines and cluster munitions, which is prohibited under international conventions.
Barrick Gold Corp.	Involved in breaching environmental norms.
Cintas Corp.	Involved in violations of labour rights norms.
Dongfeng Motor Group Company Ltd.	Involved in supplying military equipment used in conflict with human rights norms.
Elbit Systems Ltd.	Involved in supplying electronic equipment in conflict with human rights norms.
General Dynamics Corp.	Involved in production of nuclear weapons.
Hanwha Corp.	Involved in production of anti-personnel mines and cluster munitions, which is prohibited under international conventions.
Incitec Pivot Ltd.	Involved in importation of natural resources sourced in conflict with human rights norms.
Innophos Holding Inc.	Involved in importation of natural resources sourced in conflict with human rights norms.
Jiangxi Hongdu Aviation Industry Co. Ltd.	Involved in supplies of military equipment used in conflict with human rights norms.
L-3 Communications Holdings Inc.	Involved in production of cluster munitions, which is prohibited under an international convention.
Lockheed Martin Corp.	Involved in production of anti-personnel mines and cluster munitions, which is prohibited under international conventions. The company is also involved in production of nuclear weapons.
Moog Inc.	Involved in production of nuclear weapons.
Motovilicha Plants PJSC	Involved in production of cluster munitions, which is prohibited under an international convention.
Northrop Grumman Corp.	Involved in production of nuclear weapons.
OCP SA	Involved in importation of natural resources sourced in conflict with human rights norms.
Orbital ATK Inc.	Involved in production of anti-personnel mines and cluster munitions, which is prohibited under international conventions. The company is also involved in production of nuclear weapons.
Poongsan Corp.	Involved in production of cluster munitions, which is prohibited under an international convention.
Potash Corporation of Saskatchewan Inc.	Involved in importation of natural resources sourced in conflict with human rights norms.
S&T Dynamics Co. Ltd.	Involved in production of anti-personnel mines, which is prohibited under an international convention.
Safran SA	Involved in production of nuclear weapons.
Serco Group Plc.	Involved in production of nuclear weapons.
Textron Inc.	Involved in production of cluster munitions and anti-personnel mines, which is prohibited under international conventions.
United Technologies Corp.	Involved in production of nuclear weapons.

(Source: Danske Bank website , [Danske Exclusion List](#))

Appendix C

Danske Invest equity holdings in Israeli companies

(Source: Danske Invest, [Find Investments](#), accessed 12/17/17)

Products investing in Nice Ltd			
Global Index, Class DKK d	0.01%	DKK	* 874,582
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Bank Hapoalim			
Global Index - Accumulating Class DKK h	0.02%	DKK	* 105,848
Global Index, Class DKK d	0.02%	DKK	* 1,310,056
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in United Mizrahi Bank Ltd.			
Global Index - Accumulating Class DKK h	0.01%	DKK	* 74,464
Global Index, Class DKK d	0.01%	DKK	* 569,313
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Frutarom Industries (1995) Ltd			
Global Index - Accumulating Class DKK h	0.03%	DKK	* 203,560
Global Index, Class DKK d	0.01%	DKK	* 705,359
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Bank Leumi Le-Israel			
Global Index - Accumulating Class DKK h	0.03%	DKK	* 210,404
Global Index, Class DKK d	0.02%	DKK	* 1,445,450
Online Global Index KL	0.08%	DKK	121558
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Azrieli Group			
Global Index, Class DKK d	0.01%	DKK	* 481,657
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Bezeq Israeli Telecommunication Corp.			
Global Index - Accumulating Class DKK h	0.03%	DKK	* 212,640
Global Index, Class DKK d	0.01%	DKK	* 632,281
Online Global Index KL	0.02%	DKK	35213
* The value represents the total value of the portfolio, and not only the share class share.			

Products investing in Israel Chemicals Ltd.			
Global Index, Class DKK d	0.01%	DKK	* 448,034
* The value represents the total value of the portfolio, and not only the share class share.			

Institutional Shareholder Services Inc. (ISS)

ISS-Ethix & IW Financial

Last Updated 2/12/2018

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Purpose of Report

ISS-Ethix has been retained by several US States to provide research and recommendations in the compilation of scrutinized company lists. However, ISS-Ethix also provides advice and counsel to companies engaged in a boycott of Israel. This report is intended to inform your administration about ISS-Ethix and the inherent conflict of interest in providing research and advisory services to adverse parties.

Main Findings

- ISS is the parent company of ISS-Ethix and IW Financial and as such profits from both.
- ISS-Ethix has been advising clients to exclude Israeli and non-Israeli companies active in East Jerusalem, the Golan Heights and the West Bank from its investment universe.
- ISS-Ethix provides advisory services to least three US States – assisting states in the development and maintenance of state restricted companies that boycott Israel.
- ISS-Ethix provides advice to adverse parties – a conflict of interest.
- ISS subsidiary IW Financial provides advisory services to Illinois and Florida in creating and maintaining a list of companies that boycott Israel. Consequently, IW Financial is in a compromised position – having to negatively assess companies advised by its sister company ISS-Ethix.

Corporate Information

Institutional Shareholder Services Inc. (ISS) is a privately held US proxy advisory firm. Founded in 1985, ISS is a leading provider of corporate governance and responsible investment (RI) solutions including "governance research and recommendations; RI data, analytics, and research; end-to-end proxy voting and distribution solutions; turnkey securities class-action claims management; and global governance data and modeling tools."¹ ISS has 19 offices spanning 13 countries and serves over 1,700 institutional clients.²

Activities and Buyouts

Over the years ISS has acquired several other companies to expand their business operations. In 2015, ISS acquired its competitor Ethix SRI Advisors. Ethix SRI Advisors is a Swedish consulting firm that specializes in sustainability and responsible investment. The firm provides screening and monitoring services in addition to research and engagement services. Office locations include Stockholm, Copenhagen, Helsinki, and London. After the acquisition by ISS, Ethix SRI Advisors was renamed ISS-Ethix.

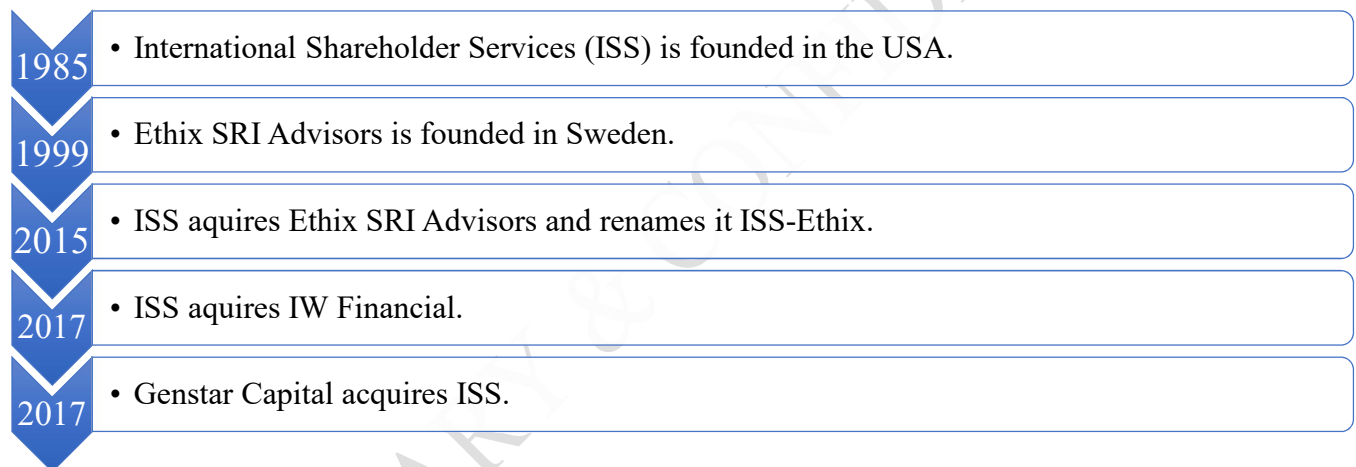
¹ ISS Governance. "About ISS." <https://www.issgovernance.com/about/about-iss/>, accessed 10/27/2017

² Ibid.

In January 2017, ISS announced the acquisition of IW Financial – a US-based firm providing environmental risk assessment, social responsibility, and corporate governance solutions.³ IW Financial specializes in responsible investment principles through the utilization of user-defined criteria.⁴

Finally, in September 2017, Genstar Capital acquired ISS for \$720 million.⁵ Genstar Capital is a private equity firm headquartered in Portland, Maine.

Figure 1. Key Acquisition Dates Relative to ISS



ISS-Ethix and the Israel-Palestine Conflict

Key ISS-Ethix Employees Related to the Israel-Palestine Conflict

Three analysts who transitioned from Ethix SRI Advisors to ISS-Ethix, now play an important role in advising companies about the Israel-Palestine conflict.

In 2008, Reinhilde Weidacher, currently head of Head of Sustainable and Responsible Investment Research and Damien Fruchart, current Vice President of Sustainable and Responsible Investment Research, were interviewed by former anti-apartheid activist and blogger Adri Nieuwhof.⁶ In the interview the analysts specifically address assessing companies with activities in the West Bank.⁷

³ ISS Governance. “Acquisition Will Help Meet Growing Demand of Investment Management Community for ESG Data and Insights.” Published January 5, 2017. <https://www.issgovernance.com/iss-announces-acquisition-iw-financial/>, accessed 10/27/2017

⁴ LinkedIn. “IW Financial.” <https://www.linkedin.com/company/82979/>, accessed 10/27/2017

⁵ Financial Times. “Genstar Capital to buy proxy advisory firm ISS for \$720m.” Published September 7, 2017. <https://www.ft.com/content/6e555404-e825-39ca-906c-147779af442a>, accessed 10/27/2017

⁶ The Electronic Intifada. Adri Nieuwhof’s Blog. <https://electronicintifada.net/blogs/adri-nieuwhof>, accessed 10/25/2017

⁷ Nieuwhof, Adri. “The Swedish company, Ethix, serious about Responsible Investment” (Translated by Google). The International Solidarity Movement. October 14, 2008. <http://www.ism-france.org/analyses/L-entreprise-suedeoise-Ethix-serieuse-au-sujet-de-l-Investissement-Responsable-article-10136>, accessed 10/25/2017

They explain that their assessment of companies may be influenced if the company pulls business activities out of the West Bank.⁸

Michele Prisco, a Senior Associate at ISS, previously worked as an analyst at Ethix SRI Advisors.⁹ Prior to his work in the investment world Mr. Prisco participated in the Ecumenical Accompaniment Programme in Palestine and Israel (EAPPI).¹⁰ He spent several months in the West Bank and East Jerusalem monitoring Israeli checkpoints as an Ecumenical Accompanier.¹¹ Mr. Prisco is featured in a short movie about volunteers working as Human Rights observers in the Occupied Palestinian Territory.¹² In 2017, Prisco advised the Swedish bank SEB to divest from Israeli banks, Israeli defense company Elbit Systems, in addition to other non-Israeli companies active in the West Bank - including HP, Heidelberg Cement and Hyundai Heavy Industries.¹³

Arguments Used by ISS-Ethix Assess Company Activities

ISS-Ethix utilizes various guiding principles when screening a company's business activities in Israel and Israeli settlements. These guiding principles embrace various international norms and standards including the following:

- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- Norms on the Responsibilities of Transnational Corporations
- Various UN Resolutions
- UN Security Council Resolutions

ISS-Ethix analysts, when screening Israeli settlements, frequently rely on UN Security Council Resolution 465 as a legal standard – citing providing infrastructure as violation of the resolution.¹⁴ The Resolution states:

“the provisional rules of procedures...determines that all measures taken by Israel to change the physical character, demographic composition, institutional structure or status of the Palestinian and other Arab territories occupied since 1967, including Jerusalem, or any part thereof, have no legal validity and that Israel's policy and practices of settling parts of its population and new immigrants in those territories constitute a flagrant violation of the Fourth Geneva Convention relative to the Protection of Civilian Persons in Time of War and also constitute a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East...[and] calls upon all States not to provide Israel

⁸ Ibid.

⁹ Linked in. <https://www.linkedin.com/in/michele-prisco-35947411/>, accessed 10/25/2017

¹⁰ Ibid.

¹¹ Vimeo. “Peace Watchers.” <https://vimeo.com/66023479>, accessed 10/25/2017.

¹² Ibid.

¹³ The World Today (translated). “SBE does only half a poodle for Israeli Boycott” (Google translate). Published June 21, 2017. <http://www.varldenidag.se/israelkommentar/seb-gor-bara-halv-pudel-gallande-israelbojkott/Bbbqfn!m0uvdnRG6UxJcw7xU2oSOG/>, accessed 10/25/2017.

¹⁴ Business & Human Rights Resource Centre. “Swedish Company Ethix Serious About Responsible Investment.” Published September 30, 2008. <https://business-humanrights.org/sites/default/files/media/bhr/files/Adri-Nieuwhof-Ethix-interview-30-Sep-2008.pdf>, accessed 10/27/2017

with any assistance to be used specifically in connection with settlements in the occupied territories."¹⁵

According to a reliable source, ISS-Ethix analysts acknowledge that even though UNSCR 465 only applies to states, ISS-Ethix chooses to interpret the text as applicable to private actors. Theoretically international law is only applicable to countries, not companies. However, ISS-Ethix applies international law to companies. The source noted that this is Ethix's specific interpretation.

This argument was undermined by a French Court of Appeals in a judgement related to the Jerusalem light rail. In October 2007, pro-Palestinian organizations, France Palestine Solidarity Association (AFP) and the Palestine Liberation Organization (PLO), filed a lawsuit in France against Alstom and Veolia alleging "the companies' involvement in the light rail project contravenes international law by allegedly aiding and abetting Israel's occupation and commission of war crimes, in relation to West Jerusalem."¹⁶ In March 2013, the Versailles Court of Appeals ruled that "the international agreements in question create obligations between states, and could not be used to hold two private companies liable."¹⁷

Additionally, ISS-Ethix applies the UN Guiding Principles on Business and Human Rights and UN Office of the High Commissioner for Human Rights (OHCHR) when screening companies. The UN Guiding Principles on Business and Human Rights is a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations¹⁸ while the OHCHR details how the UN Guiding Principles on Business and Human Rights should apply specifically to the Israel-Palestine conflict.¹⁹ In a statement published in June 2014, the UN exclusively denounced Israeli violations of human rights for "construction of settlements, land confiscation, zoning and planning regime, forced evictions of Palestinians and demolitions of Palestinian structures, and lack of accountability for settler violence."²⁰

ISS-Ethix's application of the Principles on Business and Human Rights is based on the OHCHR document and as such, its recommendations and consultation to companies tend to be slanted against Israel. ISS-Ethix analysts target companies "that provide infrastructure...[and] mechanized vehicles to destroy Palestinian homes, or that manufacture and repeatedly deliver armament used against civilians in contravention with humanitarian laws."²¹ Additionally, when analyzing business activities in conflict zones, ISS-Ethix focuses more on the recipient and final use of the product than the nature of the product itself – making clear that ISS-Ethix views activity in Israeli

¹⁵ United Nations, Security Council. "Resolution 465 (1980) Adopted by the Security Council at its 2203rd meeting on 1 March 1980." <https://unispal.un.org/DPA/DPR/unispal.nsf/0/5AA254A1C8F8B1CB852560E50075D7D5>, accessed 10/27/2017

¹⁶ Business & Human Rights Resource Centre. "Veolia & Alstom lawsuit (re Jerusalem rail project)" <https://business-humanrights.org/en/veolia-alstom-lawsuit-re-jerusalem-rail-project>, accessed 10/27/2017

¹⁷ Ibid.

¹⁸ Business & Human Rights Resource Centre. "UN Guiding Principles." <https://business-humanrights.org/en/un-guiding-principles>, accessed 10/27/2017

¹⁹ United Nations, Office of the High Commissioner. <http://www.ohchr.org/Documents/Issues/Business/OPTStatement6June2014.pdf>, accessed 10/27/2017

²⁰ Ibid.

²¹ Business & Human Rights Resource Centre. "Swedish Company Ethix Serious About Responsible Investment." Published September 30, 2008. <https://business-humanrights.org/sites/default/files/media/bhr/files/Adri-Nieuwhof-Ethix-interview-30-Sep-2008.pdf>, accessed 10/27/2017

settlements as illegal and as such virtually any and all businesses operating in Israeli territory are considered problematic.

Finally, according to an insider source, ISS-Ethix perceives Israel's presence in the West Bank as annexation rather than occupation. Occupation is not necessarily illegal and according to the International Committee of the Red Cross "the legality of any particular occupation is regulated by the UN Charter and the law known as *jus ad bellum*."²² In general, human rights organizations consider the situation in the settlements an illegal occupation that was turned into a *de facto* annexation. Indeed, a status of annexation adopted by ISS-Ethix, strengthens its perception of Israel as an outlawed state and illegal activity. "Attempts to annex a territory would contravene the international law prohibitions on the acquisition of territory through the use of force against the territorial integrity and political independence of the occupied territory."²³

Exhibit 1. Summary of the legal arguments used by Ethix

Legal Argument	Implication
UN resolutions, for example resolution 465 by the Security Council	No new immigrants on conquered territories No assistance from a third state
UN Guiding Principles on Business and Human Rights	Business enterprises required to comply with all applicable laws and to respect human rights
Statement from UN Office of the High Commissioner for Human Rights (OHCHR)	How the UN Guiding Principles specifically apply to Israel
Supplying infrastructures	Veolia prevented from building a light rail that passes through East Jerusalem
Selling mechanized vehicles used to destroy Palestinian Homes	Caterpillar vehicles should not be used to destroy the house of a Palestinian terrorist
Human Rights Watch doctrine	In order not to violate human rights, companies shall stop their activities in the settlements
Known usage of the item sold	Companies should not sell bombs to the Israel Defense Forces because it's a known fact that it bombs civilian targets
Annexation versus occupation	Considers the West Bank as annexed <i>de facto</i> and as such considers all of Israel's activity in this area as illegal

(Information Sourced from various ISS-Ethix website, corporate information and public statements)²⁴

ISS-Ethix Involved in Conflict of Interest

ISS-Ethix provides exclusion advisory services to several clients that have divested from Israeli companies and/or non-Israeli companies with business activities in the West Bank. Simultaneously, ISS-Ethix is advising at least three states – Iowa, New Jersey, and Texas – in the

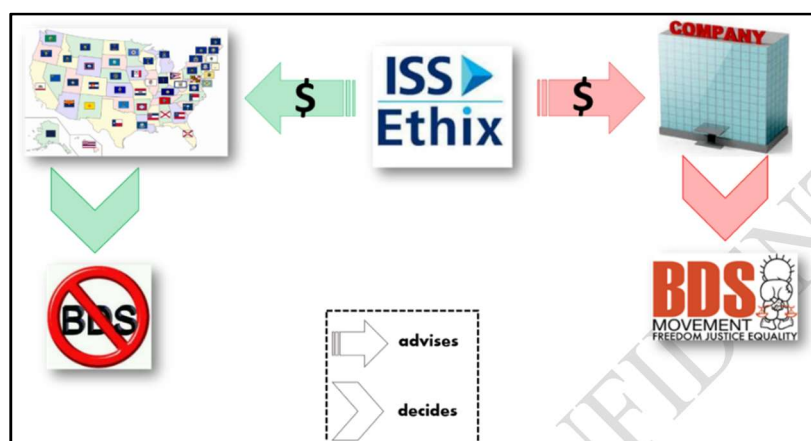
²² International Committee of the Red Cross. "Occupation and international humanitarian law: questions and answers." <https://www.icrc.org/eng/resources/documents/misc/634kfc.htm>, accessed 10/27/2017

²³ European Council on Foreign Relations. "Israel's Unlawfully Prolonged Occupation: Consequences Under an Integrated Legal Framework." Published June 2, 2017.

http://www.ecfr.eu/publications/summary/israels_unlawfully_prolonged_occupation_7294, accessed 10/27/2017

²⁴ ISS-Ethix website <https://www.issgovernance.com/esg/>; ISS-Ethix's paper "Benchmarking Business and Human Rights" <https://www.issgovernance.com/library/benchmarking-business-human-rights/>; ISS-Ethix analysts' interview <http://www.ism-france.org/analyses/L-entreprise-suedoise-Ethix-serieuse-au-sujet-de-l-Investissement-Responsable-article-10136>

development of each of their scrutinized companies that boycott Israel list. **ISS-Ethix has business relations with both clients – clients that divest from Israel and US States seeking to comply with its anti-boycott laws. This presents a conflict of interest.**



Broader Conflict of Interest

ISS is the parent company of ISS-Ethix and IW Financial and maintains one website for all three entities. The corporate structure remains unclear, but it appears that IW Financial has been absorbed into ISS-Ethix. When ISS announced the acquisition of IW Financial, the company stated that "IW Financial screens, methodologies, and other solutions will be integrated into ISS-Ethix, the ESG arm of Institutional Shareholder Services."²⁵ ISS specified that IW Financial CEO, Sam Pierce, would continue with the combined group and lead development of an environmental and social ratings methodology.²⁶ However, it is unclear if IW Financial's assessment of a company in violation of state anti-BDS laws is impartial from ISS-Ethix and whether ISS-Ethix has influence over IW Financial's screening of companies comes into question.

Advisory Services for Iran/Sudan Divestment

Prior to the acquisition by ISS, IW Financial describes was known for its compliance and engagement services, supplying tailor-made recommendations to assets managers and institutional investors.²⁷ For religious and faith-based organizations and other NGO's, IW Financial identified investment opportunities that were most aligned with the organizations' values and missions. Similarly, IW Financial provided compliance services to US States and conducted extensive research on corporate involvement in Sudan, Iran and other state-sponsored terrorism.

providing compliance services for US states – specifically assisting Iowa and Florida comply with state laws related to Iran divestment.

²⁵ ISS. "ISS Announces Acquisition of IW Financial." Published January 5, 2017. <https://www.issgovernance.com/iss-announces-acquisition-iw-financial/>, accessed 10/27/2017

²⁶ Ibid.

²⁷ Illinois Investment Policy Board. <https://www.illinois.gov/sites/iipb/Pages/MeetingInformation.aspx>, accessed 10/27/2017

IW Financial Advises US States' Restricted Company Lists

As states enacted anti-BDS legislation, IW Financial was retained by Illinois and Florida for research and advisory services in the development restricted company lists. On September 8, 2016, IW Financial supplied the State of Illinois with a list of 24 companies engaged in a boycott of Israel.²⁸ Likewise, on December 6, 2016 the Florida State Board of Administration (SBA) released its Global Governance Mandate Report detailing a list of scrutinized companies that boycott Israel based data provided by IW Financial.²⁹

The Conflict

Danske Bank, a major Nordic financial institution, is a primary example of ISS's conflict of interest. Danske Bank, based on the advice and consultation of ISS-Ethix, constructed an exclusion list of companies in violation of the bank's environmental, social and corporate governance (ESG) policy. Up to five Israeli companies appeared on the exclusion list, but as of January 2017 two Israeli companies remain on the exclusion list: Aryt Industries and Elbit Systems Ltd.

In 2013 Danske Bank published on its website a document titled "Areas of Conflict" explaining the bank's policy regarding the Israeli settlements in the occupied Palestinian territories. The bank states the following: "Company evaluations are conducted by Ethix, which is Danske Bank's independent adviser for responsible investing. Ethix gathers facts from relevant parties, evaluates whether a company contributes to the violation of international guidelines, and if so, evaluates whether the company can avoid this."³⁰

Exhibit 2. Danske Bank's Responsible Investment Process Involving Ethix



Danske's politically motivated boycotting activities have been documented in a previously provided report. Specifically, Danske's boycott of Elbit Systems remains of primary importance. It has been widely reported that Danske's decision to boycott Elbit Systems is due to its business activities in providing surveillance equipment to monitor Israel's border security fence.³¹ Danske's head of

²⁸ IW Financial. Archived Website. "Compliance and Engagement Services."

https://web.archive.org/web/20160321041405/http://info.iwfinancial.com/Solutions/Services/Compliance_Services, accessed 10/27/2017

²⁹ State Board of Administration of Florida. "Global Governance Mandate."

https://www.sbafla.com/fsb/Portals/FSB/Content/GlobalGovernanceMandates/QuarterlyReports/2016/Global_Governance_Mandates_and_Florida%20Statutes_2016_12_06.pdf?ver=2016-12-07-000000-000, accessed 10/27/2017

³⁰ Danske, "Areas of Conflict", published 01/04/2013, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2016/1/areas-of-conflict--la=en.pdf>, accessed 10/27/2017

³¹ Berklingske Business. "Danske Bank cuts out Controversial Israeli Companies." Publishes January 25, 2010. <http://www.business.dk/finans/danske-bank-frasorterer-omstridte-israelske-selskaber>, accessed 10/27/2017

responsible investment, Thomas H. Kjærgaard, stated that the social responsible investing (SRI) policy of the bank takes into account international standards as well as political context.³²

In 2016 the State of Florida enacted its anti-BDS legislation and retained IW Financial as the external research provider "to obtain preliminary lists of potential scrutinized companies and evaluate the evidence to make a final determination of scrutinized status."³³ Florida's initial scrutinized company list classified Danske Bank under "continued examination of companies that boycott Israel" (See below).

Exhibit 3. Continues Examination of Companies that Boycott Israel – August 2, 2016

Table 10: Continued Examination Companies that Boycott Israel
New companies on the list are shaded and in bold.

Continued Examination Company: Israel	Country of Incorporation
Danske Bank	Denmark
Dexia	Belgium
Aldi	Germany
ASN Bank NV	Netherlands
HEMA BV	Netherlands
Karsten Farms	South Africa
# of Continued Examination Companies	6

(Source: [Global Governance Mandates, Florida Statutes](#) – 2nd Quarter 2016 August 2, 2016)

In January 2017, IW Financial was acquired by ISS, and by March 2017 the State of Florida released an updated list of scrutinized companies that boycotting Israel. The report indicates that Danske Bank began to respond to the written communication initiated by Florida – however, the company remained classified under investigation (see below).

Exhibit 4. Continues Examination of Companies that Boycott Israel – March 14, 2017

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Cooperative Group Gomersall	No	Remains on scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
U2u Consult NV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Remains on continued examination list
Dexia	Yes, November 17, 2016	Removed from continued examination list
Aldi	No	Remains on continued examination list

(Source: [Global Governance Mandates, Florida Statutes](#) – 3rd Quarter 2017 October 17, 2017)

³² Ibid.

³³ State Board of Administration of Florida. "Global Governance Mandate." https://www.sbafla.com/fsb/Portals/FSB/Content/GlobalGovernanceMandates/QuarterlyReports/2016/Global_Governance_Mandates_and_Florida_Statutes_2016_08_02.pdf?ver=2016-08-10-163920-890, accessed 10/27/2017

In October 2017, Florida released an updated list of companies – Danske Bank was removed from the continued investigation list and was cleared from boycott accusations (see below).

Exhibit 5. Continues Examination of Companies that Boycott Israel – October 17, 2017

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Co-operative Group Ltd	No	Remains on scrutinized list
Cooperative Group Gomersall	No	Removed from scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
Ozu Consult IV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Removed from continued examination list
Dexia	Yes, multiple dates	Removed from continued examination list

(Source: [Global Governance Mandates, Florida Statutes](#) – 3rd Quarter 2017 October 17, 2017)

The timing of Florida’s removal of Danske Bank from continued examination suspiciously aligns with a change in IW Financial’s ownership. The question arises whether ISS-Ethix had influence over IW Financial’s recommendation and counsel to the State of Florida with regard to ISS-Ethix’s policy on the Israel-Palestine conflict. Furthermore, if Danske were still listed, it would remain listed based on advice administered by the sister company charged with enforcing the bank’s ESG policy – which is in direct conflict with anti-BDS laws.

Conclusion

Over the years, ISS-Ethix positioned itself as a leading consulting agency specializing in human rights violations occurring in East Jerusalem and Israeli settlements. ISS-Ethix screening process, maximalist legal interpretations used to target companies active in Israeli territories, and policy recommendations provided to their clients illustrate a biased against Israel. As such, ISS-Ethix advised clients to place Israeli companies and companies with business activities in the West Bank on exclusion lists.

Evidence suggest that ISS-Ethix is capitalizing on new business opportunities as states enacted and implement anti-BDS legislation. By providing advice to Iowa, New Jersey and Texas while also providing advice to businesses engaged in a boycott of Israel is a conflict of interest.

On a broader scale, ISS (the parent company) is also involved in a conflict of interest, as demonstrated by the case of Danske Bank. Danske Bank is engaged in a boycott of Israel in accordance with the recommendation of ISS-Ethix. ISS-Ethix and sister company IW Financial are advising US states on which companies to include on the restricted companies that boycott Israel. Now that IW Financial is owned by ISS, it is unlikely to recommend companies such as Danske Bank be place on the scrutinized company list.

Overall, providing advice and counsel to adverse parties is a clear conflict of interest, and as such must be taken into consideration when retaining a third-party research company.

From:	
To:	"Luis Saenz" <luis.saenz@gov.texas.gov>
Date:	
Subject:	Letter from Governor Abbott to Comptroller Hegar regarding Danske Bank
Attachments:	DNB ASA 1.2.18.pdf
	Storebrand 1.5.18.pdf

Hi Luis,

Thanks for the update. I appreciate your efforts on this.

Please send Governor Abbott my appreciation for taking this issue so seriously and for sending the letter to the Comptroller.

In addition to Danske Bank, which is mentioned in the Governor's letter, there are two more companies that clearly boycott Israel and are not on the Texas list of divestment: DNB ASA and Storebrand.

The reports on these companies, that include the information about the boycott (see attached), were provided by us to the Comptroller as well as to Jeff Mateer in early January. However, up until now these companies were not included on Texas' list of divestment.

The inclusion of these companies on the list is extremely important to make sure that Texas' anti-BDS legislation is being implemented since Teachers Retirement System of Texas (TRS) has investments in both of these companies, thus as long as the companies are not on the list a divestment process can't be initiated.

Please keep me posted on the Comptroller's response and let me know if you have any questions.

Best, Adam

From: Luis Saenz <luis.saenz@gov.texas.gov>
 Sent: Friday, March 16, 2018 7:22 AM
 To: Adam Milstein <>
 Subject: Copy of letter

Adam, here is a copy of the letter we sent to Comptroller Hegar. I have also spoken several times to Jeff Mateer about this matter and plan to follow-up with him again soon. We are eager to move quickly, but there are processes in place that prevent quick and immediate action. Those processes, however, will not deter us from ensuring that the state does what is right.

Hope you are well.

Luis Saenz
 Chief of Staff
 Office of Governor Greg Abbott

DNB ASA

Last Updated: January 2, 2018

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Introduction to DNB ASA

DNB ASA (Den Norske Bank) is Norway's largest financial services group, offering a full range of financial services, including loans, savings, advisory services, asset management, insurance, and pension products to over 2.5 million retail and corporate customers.¹ DNB ASA, led by Group Chief Executive, Rune Bjerke, employs 10,697 employees.

DNB ASA is a publicly traded company listed on the Oslo Stock Exchange. The Norwegian Government's Ministry of Trade, Industry and Fisheries is DNB's largest shareholder, owning 34% of DNB's stock shares (see Appendix A).²

DNB ASA maintains an exclusion list of companies that fail to comply with the company's responsible investment policy. Four Israeli companies appear on the exclusion list. This report aims to discern whether the companies are excluded as part of a politically motivated boycott or rather for business-related reasons.

Main Findings

- DNB ASA, when considering companies for exclusion and as a matter of policy, follows suit to the exclusion list created by Norwegian Government Council on Ethics
- Four Israeli companies appear on DNB ASA's exclusion list for violations of human rights.
- DNB ASA has received pressure from Norwegian NGOs to divest from Israeli companies.
- From 2011 to 2014, DNB ASA had shares in Israeli banks and non-Israeli companies operating in the West Bank- DNB no longer holds any shares.
- No business-related reasons have been given to justify placing four Israel-based companies on DNB ASA's exclusion list.

Corporate Social Responsibility Policy

Any company in which the Norwegian government is a shareholder must meet specific criteria “stipulated in both the State Ownership Report and White Paper no. 10 2008-2009 Corporate social responsibility in a global economy.”³ Therefore, DNB ASA’s corporate socially responsible

¹ DNB ASA, "About the Group," <https://www.dnb.no/en/about-us/about-the-group.html>, accessed 9/10/17.

² DNB ASA, "Shareholders," <https://www.dnb.no/en/about-us/investor-relations/dnb-share/shareholders.html>, accessed 9/10/17.

³ DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17.

policy is inclusive of those standards. DNB ASA adheres to the following international principles and guidelines:⁴

- Ten Principles of the UN Global Compact⁵
- The OECD's Guidelines for Multinational Companies⁶
- UN Guiding Principles on Business and Human Rights⁷
- UN Principles for Responsible Investments (PRI)⁸
- The Universal Declaration of Human Rights
- The UNEP FI Statement⁹
- The Equator Principles¹⁰
- The International Covenant on Economic, Social and Cultural Rights
- The International Covenant on Civil and Political Rights
- The International Labor Organization Core Conventions¹¹
- The UN Convention on Certain Conventional Weapons (CCW)
- The UN Biological Weapons Convention (BWC)
- The UN Chemical Weapons Convention (CWC)
- The UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (the Ottawa Convention)
- The UN Convention on Cluster Munitions (the Oslo Convention)

DNB ASA's corporate social responsibility policy "takes into account the climate and the environment, social conditions and corporate governance in all of its activities, including product and service development, advisory services and sales, investments and credit decisions, production and operations."¹² The corporate social responsibility policy is approved and endorsed by the nine members of the Board of Directors.

⁴ DNB Asset Management, SRI News 2017 Q2- Company Updates, published 2017, <https://www.dnb.se/portalfront/download/luxembourg/Reports/SRI-en-current.pdf>, accessed 9/6/2017.

⁵ The UN Global Compact is an agreement by international companies to adopt business policies which encourage environmental sustainability and social responsibility. Among the principles taken into consideration is Human Rights Law and violations. PFA Pension agreed to comply in 2009.

⁶ OECD Guidelines for multinational companies are recommendations to multinational enterprises. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, combating bribery and more.

⁷ The UN Guiding Principles on Business and Human Rights has the objective to enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization.

⁸ Principles set forth by investors to further the integration of responsibility into the investment process as well as to be transparent about the investment process.

⁹ UNEP FI is a global partnership between UN and the financial sector which seeks to improve understanding of the impacts of environmental and social considerations on financial performance.

¹⁰ The Equator Principles are a common set of guidelines used by the majority of large international financial institutions for managing environmental and social issues in project finance.

¹¹ The ILO's Governing Body has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation

¹² DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfront/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17.

DNB ASA's Exclusion Process

DNB ASA established a special committee, the Committee for Responsible Investments, to oversee the approved responsible investment policy as well as the exclusion process. The committee, chaired by the Corporate Social Responsibility and External Affairs Director, “collects information about companies and makes sure that matters are as well elucidated as possible before issuing a recommendation regarding a possible exclusion of companies from the investment portfolio.”¹³ The committee relies on information and data compiled by DSN ASA analysts as well as GES Investments Services, an outside consultancy firm.

DNB ASA has developed a three-step process to evaluate and assess ethical performance of companies in their investment portfolio.¹⁴ The three steps are as follows:

- “Step 1: Risk classification according to objective risk criteria
- Step 2: Verification through independent sources
- Step 3: Direct company contact”¹⁵

If after direct contact and engagement with a company does not lead to an acceptable solution, DNB ASA will place the company on their exclusion list until the company complies DNB ASA’s policies and guidelines. The Committee for Responsible Investments regularly considers whether the grounds for a company’s exclusion still exists and in light of new information, may recommend that the decision to exclude a company be revoked. (See DNB ASA’s website for a complete list of excluded companies.¹⁶)

Additionally, the Committee for Responsible Investments refers to the Norwegian Council on Ethics’ exclusion list. If “DNB’s guidelines for responsible investments coincide with the ‘Guidelines for observation and exclusion from the Government Pension Fund - Global’s investment universe’ and the Ethics Council has excluded a company, DNB’s Responsible Investment Committee will normally recommend a corresponding exclusion.”¹⁷

Companies on DNB ASA’s exclusion list are schematically categorized as follows:

- Violation of Human Rights
- Violation of Labor Rights
- Harm to the Environment
- Production of cluster weapons, anti-personnel landmines and nuclear weapons

¹³ DNB ASA, Group Guidelines-Responsible Investments, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2016/Group_guidelines_-_responsible_investments.pdf, accessed 9/3/17.

¹⁴ DNB ASA, “Socially Responsible Investment” <https://www.dnb.no/en/business/savings-and-investments/asset-management/sri.html>, accessed 9/3/17.

¹⁵ Ibid.

¹⁶ DNB ASA, “Exclusions,” <https://www.dnb.no/en/about-us/exclusions.html>, accessed 9/4/17.

¹⁷ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

External Influences on DNB ASA's Attitude Toward Israel and the Settlements

The Government of Norway's Position

Norway officially considers the current status of the West Bank and East Jerusalem as "**that of an occupied area**" (emphasis added) under international law and as such, the "Fourth Geneva Convention of 1948 is fully applicable there."¹⁸ Norway's Minister of Foreign Affairs, Børge Brende, has been critical of Israel's construction in the West Bank stating, "Israel is violating international law" by again "speeding up its building of settlements in occupied Palestinian territory."¹⁹ As DNB's largest shareholder, the Norwegian Government has influence on DNB's attitude toward Israel and the settlements. In addition, Norway has explicitly said it will promote its CSR policies and positions in state-owned enterprises by actively exercising ownership rights.²⁰

The Norwegian Council on Ethics' Position

As mentioned above, DNB bases its exclusion list on that of the Norwegian Council on Ethics which excludes four Israeli companies.²¹ The Council on Ethics for the Norwegian Government Pension Fund Global (GPFG) is an evaluation body established by the Ministry of Finance to ensure that GPFG investments in specified companies are consistent with its ethical guidelines.²² The Council determines whether companies should be excluded from the Fund's investment universe.²³ The mandate for the Council specifies that "companies may be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for: serious or systematic human rights violations...serious violations of the rights of individuals in situations of war or conflict... [or] other particularly serious violations of fundamental ethical norms."²⁴

The Council has a history of excluding companies operating in the West Bank. In 2012, the Council excluded Shikun & Binui, an Israeli infrastructure company, explaining that Shikun & Binui is "involved in the building of settlements in breach of international humanitarian law in East-Jerusalem" and emphasizing that "construction of such settlements on occupied territory represents

¹⁸ Norwegian Ministry of Foreign Affairs, Norway's Involvement in the Peace Process in the Middle East, Published 10/31/99, <https://www.regjeringen.no/en/dokumenter/involvement/id420034/>, accessed 9/5/17.

¹⁹ Norwegian Ministry of Foreign Affairs, Israel Must Stop Building Settlements, Published 6/6/14, https://www.regjeringen.no/en/aktuelt/israel_settlements/id762219/, accessed 9/5/17.

²⁰ Norwegian Ministry of Foreign Affairs, Corporate social responsibility in a global economy — Report No. 10 (2008 – 2009) to the Storting, https://www.regjeringen.no/contentassets/d1301a2369174dd88f8e25d010594896/en-gb/pdfs/stm200820090010000en_pdfs.pdf, accessed, 9/5/17.

²¹ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

²² Council on Ethics for the Norwegian Government Pension Fund Global, "Council on Ethics", <http://etikkradet.no/en/council-on-ethics/>, access 9/5/17.

²³ Council on Ethics for the Norwegian Government Pension Fund Global, Guidelines for Observation and Exclusion of companies from the Government Pension Fund Global, http://etikkradet.no/files/2017/04/Etikkradet_Guidelines-eng_2017_web.pdf, accessed 9/5/17.

²⁴ Ibid.

a violation of the Fourth Geneva Convention, the convention for the protection of civilian persons in time of war."²⁵

Additionally, in 2009 and 2013, the Council recommended the exclusion of two Israeli companies, Africa Israel Investments Ltd (AFI) and its subsidiary Danya Cebus Ltd, from the GPFG investment universe **"because of their activities in the building of Israeli settlements in the West Bank."**²⁶ (emphasis added) The Council stated that **"Israel's construction of settlements in the West Bank and East Jerusalem is illegal"**²⁷ (emphasis added) and as such, the construction activity of AFI and Danya Cebus in East Jerusalem contributes **"to serious violations of the rights of individuals in situations of war or conflict."**²⁸ (emphasis added)

The Council also excluded Elbit Systems Ltd. from GPFG's investment universe in 2009. The Council explained that "investment in Elbit constitutes an unacceptable risk of contribution **"to serious violations of fundamental ethical norms as a result of the company's integral involvement in Israel's construction of a separation barrier on occupied territory."**²⁹ (emphasis added) In a statement explaining the decision to divest from Elbit, Norwegian Minister of Finance, Kristin Halvorsen, was quoted saying, "we do not wish to fund companies that so directly contribute to violations of international humanitarian law."³⁰

However, the Council failed to provide a legitimate business-related reason for Elbit's exclusion. On the contrary, GPFG had quite lucrative investments with Elbit amounting to 35.8 NOK at the time it was excluded.³¹ This information suggests that GPFG sought to divest merely to express its political dissent to Israeli policy.

It is also important to note that the Council's exclusions are based on established blacklists composed by Ethix SRI Advisors, currently known as ISS-Ethix.³² ISS-Ethix has maintained a

²⁵ Norwegian Ministry of Finance, "Exclusion of a Company from the Government Pension Fund," published 6/15/12, <https://www.regjeringen.no/en/aktuelt/exclusion-of-a-company-from-the-governme/id685898/>, accessed 9/3/17.

²⁶ Norwegian Government "Recommendation from 2009 and 2013 Concerning the Companies Africa Israel Investments Ltd. And Danya Cebus Ltd.," published 1/30/14, https://www.regjeringen.no/en/sub/styrer-rad-utvalg/ethics_council/Recommendations/Recommendations/recommendations-on-serious-violations-of/recommendation-of-november-16th-2009-on-/id612813/, accessed 9/4/17.

²⁷ Council on Ethics: The Government Pension Fund Global, published 1/11/13, https://www.regjeringen.no/contentassets/310d42b99ce242ad9f2cb5a2f7ec70db/africa_israel_eng_nov_2013.pdf, accessed 9/10/17.

²⁸ Ibid.

²⁹ Norwegian Ministry of Finance, "Supplier of Surveillance Equipment for the Separation Barrier in the West Bank Excluded from Government Pension Fund-Global," Published 9/3/09, <https://www.regjeringen.no/en/aktuelt/supplier-of-surveillance-equipment-for-t/id575444/>, accessed 9/3/17.

³⁰ Reuters, "Norway fund expels Israel firm for barrier work", published 9/3/09, <https://www.reuters.com/article/norway-fund/norway-fund-expels-israel-firm-for-barrier-work-idUSOSN00236320090903>, accessed 9/3/17.

³¹ Council on Ethics: The Government Pension Fund Global, Recommendation on the Exclusion of the Company Elbit Systems Ltd, 9/3/09, <https://www.regjeringen.no/en/dokumenter/the-council-on-ethics-recommends-that-th/id575451/>, accessed 9/10/17; Council on Ethics: The Government Pension Fund Global, Recommendation to the Ministry of Finance, Published 5/15/09, https://www.regjeringen.no/contentassets/f507de70bf0b4235bf760746452cf192/elbit_engelsk.pdf, accessed 9/10/17.

³² Thore Johnsen and Ole Gjølberg, Ethical Management of the Government Pension Fund - Global:

biased policy against Israel and Israeli companies since at least 2008, concerning controversies over the French companies, Veolia's and Alstom's, participation in the construction of the Jerusalem Light Rail. Since then, companies that have hired ISS-Ethix, such as Danske Bank, Nordea, SEB, and AP7 have decided to divest from or blacklist Israeli companies (see appendix B for more detailed information).

Norwegian People's Aid

DNB is influenced by or otherwise connected to Norwegian People's Aid (NPA), a Norwegian NGO and self-proclaimed "leader and mobilizer of anti-Israel boycotts, divestments, and sanctions (BDS) campaigns."³³ NPA's report "Dangerous Liaisons," pressured DNB to divest its alleged holdings in Israeli banks and non-Israeli companies operating in the West Bank.³⁴ Additionally, on multiple occasions NPA had direct dialogue with DNB stakeholders regarding these investments.³⁵

The connection between DNB and NPA is also fiscal. In 2011, instead of employee Christmas gifts, DNB chose to donate money to Norwegian People's Aid.³⁶ NPA also thanked DNB for its partnership and long-term development cooperation.³⁷

DNB ASA's Boycott/Divestment Against Israel

DNB has a history of engaging with Israeli and international companies operating in the West Bank. During the spring of 2012, DNB was in conversation with nine companies "to discuss their operations in the occupied territories."³⁸ In 2016, DNB's Asset Management team put special emphasis on Israel when it focused on a broad range of ESG issues that specifically included "banks operating in occupied Palestinian territory." While DNB acknowledges that preventing illegal settlements in the "occupied Palestinian territory" is a highly politicized and complex topic,

An Updated Analysis, Published 5/14/08, https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/ethical_management_of_the_government_pension_fund-global.pdf, accessed 9/10/17.

³³ NGO Monitor, "Norwegian People's Aid NPA," published 8/20/17, http://www.ngo-monitor.org/ngos/norwegian_people_s_aid_npa/, accessed 9/10/17; Norwegian People's Aid, "AFI Group and Danya Cebus re-excluded from the Norwegian Government Pension Fund," published 1/30/14, <https://www.npaid.org/layout/set/print/News/News-archive/2014/AFI-Group-and-Danya-Cebus-re-excluded-from-the-Norwegian-Government-Pension-Fund>, accessed 9/10/17.

³⁴ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

³⁵ DNB ASA, Corporate Social Responsibility Report 2013, published 2013, <https://www.dnb.no/portalfont/nedlast/no/om-oss/samfunnsansvar/2013/Corporate-social-responsibility-report-2013.pdf>, accessed 9/3/17; DNB ASA, Stakeholder Dialogue 2015, https://www.dnb.no/portalfont/nedlast/en/about-us/corporate-responsibility/2015/Stakeholder_dialogue_2015.pdf, accessed 9/10/17; NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

³⁶ DNB ASA, Corporate Social Responsibility Report Annual Report 2011, <https://www.dnb.no/portalfont/download/luxembourg/Reports/csr-report-2011.pdf>, accessed 9/10/17.

³⁷ NPAID, Solidarity in Action, Annual Report 2014, https://www.npaid.org/content/download/19025/517115/file/NPA_Annual%20Report%202014.pdf, accessed 9/10/17; NPAID, "Partners and Donors", <https://www.npaid.org/Our-Work/Development-Cooperation/Partners-and-donors>, accessed 9/10/17.

³⁸ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

based on research, they still attempt to hinder real estate and construction companies directly involved in the territories and consider themselves successful in doing so. Today, DNB is still in dialogue with companies operating in the West Bank.

NPA's report, "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation," claimed DNB is invested in Bank Hapoalim, Bank Leumi, Mizrahi Tefahot Bank, Caterpillar, Cemex, Hewlett-Packard, Motorola, Alstom, G4S, HeidelbergCement and Dexia Credit Local (all companies operating in the West Bank).³⁹ However, DNB's current holdings reveal no investments in the aforementioned companies,⁴⁰ though DNB did have investments from 2011 through 2014.⁴¹ Presently, DNB is invested in only one Israeli company- Mellanox Technologies, an Israeli supplier of computer network products headquartered in Yokneam, Israel.⁴² Mellanox no financial ties with the West Bank.⁴³ This demonstrates a pattern that DNB has divested from Israeli companies with operations in the West Bank.

DNB currently includes four Israeli companies on its exclusion list:

- Shikun & Binui Ltd.,
- Elbit Systems,
- Africa Israel Investments, and
- Danya Cebus

Human rights	Africa Israel Investments
	Cairn Energy Plc
	Danya Cebus
	Elbit Systems Ltd.
	Incitec Pivot Ltd.
	Innophos Holdings Inc.
	Kosmos Energy Ltd.
	Office Cherifien des Phosphates SA (OCP SA)
	Potash Corp of Saskatchewan
	San Leon Energy Plc.
	Shikun and Binui Ltd.
	Zuari Agro Chemicals Ltd.

(Source: [DNB Website](#), Accessed 01/2/2018)

Shikun & Binui Ltd.

Shikun & Binui is a leading infrastructure and real estate group in Israel. The companies is involved "in large-scale projects in Israel and abroad, and have proven achievements in the construction of residential neighborhoods and commercial and public buildings, as well as in the establishment, financing and operation of huge ventures in the fields of transportation infrastructure, ecology, water purification and desalination, and international project development."⁴⁴

³⁹ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation"

<https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

⁴⁰ <https://www.dnb.no/portalfont/download/luxembourg/Legal-Doc/semi-annual-report-dnb-fund-en.pdf>

⁴¹ DNB Fund Annual Report 2011 <https://www.dnb.no/portalfont/download/luxembourg/Legal-Doc/annual-report-dnb-asset-management-sa.pdf> ; DNB Fund Monthly Asset Allocation 2012

<https://www.dnb.no/portalfont/download/luxembourg/asset-management/Holdings-reports/Monthly%20Asset%20Allocation%20Report.pdf> ; DNB Fund Semi-Annual Report 2013

<https://solutions.vwdservices.com/products/documents/4C2BC33C-A3E1-4FBE-8FA1-681A414D0DF7> ; DNB

Fund Annual Report 2014 <https://www.dnb.no/portalfont/download/luxembourg/asset-management/annual-report-dnb-asset-management-sa.pdf>.

⁴² Mellanox, "Company Overview", http://www.mellanox.com/page/company_overview, accessed 9/12/17.

⁴³ Mellanox, "Contact", <http://www.mellanox.com/page/contact>, accessed 9/12/17.

⁴⁴ Shikun & Binui Ltd., "Company Profile," <http://en.shikunbinui.co.il/category/profile>, accessed 1/2/18.

DNB has placed Shikun & Binui on the exclusion list due to a violation of human rights. DNB categorized Shikun & Binui business activities in violation of human rights for the company's "involvement in developing settlements in occupied Palestinian territory."⁴⁵ DNB further concluded that Shikun & Binui's construction activities are a "violation of the Fourth Geneva Convention."⁴⁶ Thus, it is clear DNB's decision to exclude Shikun & Binui is politically motivated and not based on legitimate business-related reasons.

Elbit Systems Ltd.

Elbit Systems is an Israeli-based international defense electronics that supplies and maintains electronic equipment for Israel's security barrier. DNB placed Elbit Systems on the exclusion list for its "violation of human rights." It is important to note that Elbit Systems was not excluded from DNB's list for manufacturing weapons, but rather for violation of human rights.

While, DNB does not explicitly provide details about its categorization and decision to exclude Elbit, other Nordic companies have boycotted Elbit for the same "violation" - supplying electronic equipment used for the separation barrier. Among these boycotting companies are Danske Bank and Norges Bank.⁴⁷ Additionally the Council on Ethics has placed Elbit Systems on their excluded list which is likely to have influenced DNB's decision,⁴⁸ as DNB tends to refer to the GPFG's exclusion list.

Africa Israel Investments and Danya Cebus

Africa Israel Investments (AFI) and Danya Cebus are also included on DNB's exclusion list for violations of human rights. AFI, an international holdings and investments group based in Israel, focuses on projects in real-estate, construction, infrastructure, and industry.⁴⁹ Danya Cebus is a subsidiary of AFI with business activities in the construction sector.⁵⁰

DNB does not elaborate on its decision to exclude AFI or Danya Cebus. However, both companies appear on GPFG's exclusion list and it is likely that DNB's decision to exclude the two companies were based on the Council's guidance.

Conclusion

DNB ASA adheres to specific internal corporate social responsibility policies and responsible investment guidelines. These policies and guideline closely coincide with the Norwegian Council on Ethics guidelines – as required by all companies that the Norwegian government has investment

⁴⁵ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

⁴⁶ DNB Asset Management, SRI News 2012 Q2- Company Updates, published 2012, <https://www.dnb.no/portalfont/download/luxembourg/Reports/SRI-en-q22011.pdf>, accessed 9/3/17.

⁴⁷ Norges Bank, "Observation and Exclusion of Companies," published 6/29/17, <https://www.nbim.no/en/responsibility/exclusion-of-companies/>, accessed 9/6/17.

⁴⁸ DNB ASA, Mandate-Responsible Investment Committee, published 4/18/17, https://www.dnb.no/portalfont/nedlast/en/about-us/Responsible_Investment_Committee_-_mandate.pdf, accessed 9/3/17.

⁴⁹ Africa Israel Investments, "Home Page," <http://www.afigroup-global.com/> accessed 1/2/18.

⁵⁰ Danya Cebus, "About the Company," <http://www.danya-cebus.co.il/en/about-the-company/profile/>, accessed 9/10/17.

shares. Evidence reveals that DNB, influenced by the Norwegian government's policies, views Israel's presence in the West Bank as a violation of human rights as well as a violation of the Fourth Geneva Convention.

DNB ASA's exclusion list includes four Israel-based companies with operations in the West Bank, for alleged violations of human rights. Evidence suggests that DNB exclusion of four Israeli companies is politically motivated as DNB has failed to provide legitimate business-related reason for exclusion.

Finally, research reveals that DNB no longer invests in Israeli banks or other companies that operate in the West Bank – further evidence that these companies are subject to boycott and divestment from DNB for politically motivated purposes and not for legitimate business-related reasons.

Therefore, it is recommended that each state with anti-BDS legislation prohibiting state investments in companies engaged in a boycott of Israel include DNB ASA on their respective restricted company list for future divestment.

Appendix A

Shareholder structure in DNB ASA as at 31 December 2016		
Largest Shareholders	Shares in 1000	Shares in %
Norwegian Government/Ministry of Trade, Industry and Fisheries	553,792	34.00
DNB Savings Bank Foundation	146,541	9.00
Folketrygdfondet	100,470	6.17
Fidelity International Limited (FIL)	43,129	2.65
BlackRock	37,303	2.29
Schroder Investment	27,111	1.66
T. Rowe Price Group	26,898	1.65
The Vanguard Group	24,377	1.50
MFS Investment Management	24,310	1.49
Newton Investment Management / BNY Mellon	23,630	1.45
State Street Global Advisors	23,043	1.41
Deutsche Asset Management	21,701	1.33
AXA / AllianceBernstein	17,435	1.07
BNP Paribas Investment / Alfred Berg	15,823	0.97
KLP Asset Management	15,745	0.97
Storebrand Asset Management	15,615	0.96
Danske Capital	15,371	0.94
DNB Asset Management	15,347	0.94
SAFE Investment Company	13,506	0.83
Columbia Threadneedle Investments	12,812	0.79
Total largest Shareholders	1,173,959	72.08
Other shareholders	454,840	27.92
Total	1,628,799	100.00

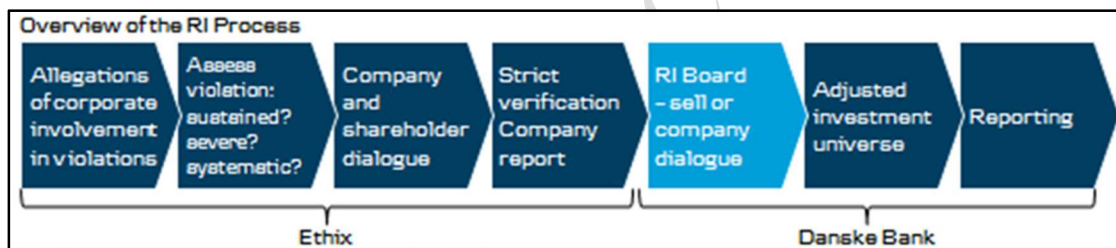
(Source: [DNB Website](#), Accessed 09/07/2017)

Appendix B

Danske Bank

Danske Bank, a Nordic financial institution, has an exclusion list of companies that fail to comply with the bank's environmental, social and corporate governance (ESG) policy. Two Israeli companies still appear on the bank exclusion list. Danske Bank retained services from Ethix to clarifying *"the circumstances under which companies are alleged to have violated international norms."*⁵¹ In a 2013 document titled "Areas of Conflict Danske" and related to Danske's policy regarding *"the Israeli settlements in the occupied Palestinian territories"*, the bank writes the following: *"Company evaluations are conducted by Ethix, which is Danske Bank's independent adviser for responsible investing. Ethix gathers facts from relevant parties, evaluates whether a company contributes to the violation of international guidelines, and if so, evaluates whether the company can avoid this."*⁵²

Figure 1 Danske's responsible investment process involving Ethix



Nordea

Based in Sweden, Nordea is a Nordic bank that in 2013 requested a detailed report from its Israeli partners on their activities beyond the Green Line. Nordea also organized field visits to Israel to look into this issue. On the one hand, the Financial Times reports that Nordea concluded that Hapoalim and Mizrahi-Tefahot *"do not act in breach of international laws and regulations."*⁵³ On the other hand, Nordea blacklisted CEMEX for *"human rights violation, extraction of non-renewable resources from occupied territory."*⁵⁴ Nordea's responsible investment team states that it buys analysis from external suppliers such as Ethix.⁵⁵

SEB

In June 2017, SEB, a Swedish bank announced that it added 40 new companies to its exclusion list that *"violate international standards for the environment, corruption, human rights and labor*

⁵¹ Danske Bank, "Responsible Investment Screening, <https://danskebank.com/en-uk/CSR/business/SRI/Pages/SRI-screening.aspx>, accessed 10/30/17.

⁵² Danske Bank, Areas of Conflict, <https://danskebank.com/-/media/danske-bank-com/file-cloud/2016/1/areas-of-conflict--la=en.pdf>, accessed 9/5/17.

⁵³ FT, Nordea Stands by Israeli Bank Investment, <https://www.ft.com/content/4c6bfd04-f2fa-11e3-a3f8-00144feabdc0>, accessed 9/10/17.

⁵⁴ Nordea, "Exclusion List" <https://www.nordea.com/en/responsibility/sustainable-finance/exclusion-list/>, accessed 9/10/17.

⁵⁵ Nordea Funds, Hållbarhetsöversikt för Nordea Funds Ab, Published 10/17, <http://nordease.live.prod.wem.nordea.com/Images/39-180635/H%C3%A5llbarhets%C3%B6versikt-Nordea-Funds2017.pdf>, accessed 10/30/17.

law."⁵⁶ Among the new companies blacklisted were some Israeli companies and non-Israeli companies active in the West Bank.⁵⁷ Ethix, and more precisely former humanitarian worker in the West Bank, Michele Prisco, were behind SEB's decision.⁵⁸ After the published list aroused a polarized political debate, SEB reversed its decision.⁵⁹

AP7

AP7 is a Swedish national pension fund whose mission is to responsibly manage funds and "provide a return that is at least as good as the average of the private investment funds in the system."⁶⁰ Ulrika Hasselgren, Ethix SRI Advisor's co-founder, was hired by AP7 in 2000 to establish an SRI policy that would exclude companies allegedly violating norms and standards in various fields such as environment, labor law and human rights.⁶¹ In AP7's latest exclusion list (June 2017), two companies are blacklisted for alleged "human rights violations in connection with activities in occupied Palestinian Territories": Heidelberg Cement and HP Enterprises.⁶²

⁵⁶ SEB, SEB Raises the Sustainability Level for All Funds, Published 6/12/17, <https://sebgroupp.com/press/news/seb-raises-the-sustainability-level-for-all-funds>, accessed 9/10/17.

⁵⁷ Stoppa Bojkott, SEB bojkottar Israel = USA bojkottar SEB, <http://www.stoppabojkott.se/seb-bojkottar-israel-usa-bojkottar-seb/>, accessed 9/10/17.

⁵⁸ Varldenidag, SEB Does Only Half a Poodle for Israeli Boycott, Published 6/21/17, <http://www.varldenidag.se/israelkommentar/seb-gor-bara-halv-pudel-gallande-israelbojkott/Bbbqfn!m0uvdnRG6UxJcw7xU2oSOg/>, accessed 9/10/17.

⁵⁹ SEB, Retake on Exclusion Lists for SEB Funds, Published 6/16/17, <https://sebgroupp.com/press/news/retake-on-exclusion-list-for-sebs-funds>, accessed 9/10/17.

⁶⁰ AP7, "In English", <https://www.ap7.se/english/>, accessed 9/10/17.

⁶¹ AP7, 2016 Report, https://www.ap7.se/app/uploads/2017/05/AP7_16_d_Final_LOW.pdf, accessed 9/10/17.

⁶² AP7, Svartlistade bolag juni 2017, <https://www.ap7.se/app/uploads/2017/06/Svarta-listan-jun-2017-kommunikation.pdf>, accessed 9/10/17.

Storebrand ASA

Last Updated: January 4, 2018

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Introduction to Storebrand

Storebrand ASA is a financial services company headquartered outside Oslo, Norway. The company's financial services include long-term savings, pension funds, and insurance, as well as investment services, banking services, and insurance products. Through its acquisition of Swedish SPP from Handelsbanken in 2007, Storebrand gained a sizable division dedicated to the Swedish market for life insurance, asset management, and health insurance activities.¹

Storebrand is a public company listed on the Oslo Stock Exchange. Its largest shareholder is Folketrygdfondet which holds 12.59% of Storebrand shares.² Folketrygdfondet is a professional investment manager whose main task is to manage the Government Pension Fund-Norway on behalf of Norway's Ministry of Finance.³ Originally, Folketrygdfondet was organized directly under the Ministry of Finance. However, in 2008 it was transformed into a company, marking a clear delineation between the capital (Government Pension Fund Norway) and the manager of this capital (Folketrygdfondet).⁴

Storebrand, led by Chief Executive Officer Odd Arild Grefstad, employs approximately 3,000 people and serves a total of 1.9 million customers in Norway and Sweden.⁵

Main Findings

- Storebrand refers to Israel's presence in the Judea and Samaria area⁶ as an illegal occupation.
- Storebrand engaged in dialogue with Veolia in an effort to end Veolia's involvement in transportation between Jerusalem and "illegal Israeli settlements on the West Bank."
- Storebrand currently excludes eight companies operating in the Judea and Samaria area for violations of international law and human rights.
- Israeli banks are the *only* banks excluded by Storebrand.

Storebrand's Investment Policy

"The Storebrand Standard" is internal investment policy that steers Storebrand's investment decisions. The Storebrand Standard is based on compliance with various international guidelines including:

- The UN Charter
- The Hague Conventions

¹ Storebrand, "About Storebrand", <https://www.storebrand.no/en/about-storebrand>, accessed 01/11/17

² Storebrand, "Investor Relations", <https://www.storebrand.no/en/investor-relations/share>, accessed 01/11/17

³ Folketrygdfondet, "About Us", <http://www.folketrygdfondet.no/about-us/category390.html>, accessed 11/11/17

⁴ Folketrygdfondet, "History", <http://www.folketrygdfondet.no/history/category406.html>, accessed 11/11/17

⁵ Storebrand, "About Storebrand", <https://www.storebrand.no/en/about-storebrand/further>, accessed 01/11/17

⁶ Judea and Samaria are Israeli-controlled, Jewish-majority civilian areas of Area C of the West Bank. The Jewish settlement in Judea and Samaria remain one of the primary issues of the Israeli-Palestinian conflict.

- The Geneva Conventions
- UN Security Council Resolutions Protocols additional to the Geneva Conventions
- UN General Assembly Resolutions
- International Court of Justice (ICJ) Decisions
- International Criminal Court Decisions
- UN Human Rights Conventions/declarations ILO conventions⁷
- The OECD Guidelines⁸
- The UN Global Compact⁹
- UN Guiding Principles on Business and Human Rights¹⁰
- UN Principles for Responsible Investments (PRI)¹¹
- UN Convention on the use of Certain Conventional Weapons (CCW)
- The ICJ opinion on the Legality of the Threat or Use of Nuclear Weapons
- Convention on the Prohibition of Anti-Personnel Mines and on their Destruction (Ottawa Treaty)
- The Convention on Cluster Munitions (CCM)

Storebrand clearly states that it will not invest in companies that are in violation of the above conventions and guidelines.¹²

Storebrand's Exclusion Process

The Storebrand Standard applies to all internally managed funds and pension portfolios. Storebrand diligently monitors all companies in its investment universe. If a company is found to be in breach of the Storebrand Standard, Storebrand will engage with the company and seek to alter their behavior. If dialogue does not lead to the desired outcome whereby the company alters behavior to adhere to the Storebrand Standard, Storebrand may choose to exclude the company from its investment universe. Additionally, a company may also be excluded when subsidiaries controlled by the company, typically through ownership of 50% or more, are in breach of the

⁷ The ILO's Governing Body has identified eight conventions as "fundamental", covering subjects that are considered as fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation

⁸ OECD Guidelines for multinational companies are recommendations to multinational enterprises. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, combating bribery and more.

⁹ The UN Global Compact is an agreement by international companies to adopt business policies which encourage environmental sustainability and social responsibility. Among the principles taken into consideration is Human Rights Law and violations.

¹⁰ The UN Guiding Principles on Business and Human Rights has the objective to enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization.

¹¹ Principles set forth by investors to further the integration of responsibility into the investment process as well as to be transparent about the investment process.

¹² Storebrand Asset Management, Analysis Criterion: Human Rights, Published 09/2016, <https://www.storebrand.no/en/sustainability/storebrand-standard/attachment/6091?ts=1577a26bfc4>, accessed 01/11/17

Standard. However, subsidiary companies with less than 50% ownership will only be excluded if they are involved in the same unacceptable activities.

Storebrand's exclusion process involves the utilization of both internal and external data as well as evaluations. There are three ways a company can be excluded.

1. Production-based exclusions: Specifically, companies that produce tobacco or controversial weapons.
2. Performance-based exclusions: High-risk industry companies with sustainability rating below 10%.
3. Event-based exclusions: Companies associated with events in violation of international law, conventions and human rights. Companies found in violation are assessed anonymously by the Storebrand Investment Committee before a company is placed on the excluded investment list.¹³

However, if an excluded company demonstrates that they are not in violation of the Storebrand Standard, through changes or improvements in their policies and business operations, the company may be reintroduced to Storebrand's investment ecosystem.¹⁴

Storebrand's exclusion list is categorized as follows:¹⁵

Exclusion category	Number of companies
Controversial weapons	25
Corruption and economic crime	12
Severe environmental damage	74
Violation of International law and human rights	33
Low sustainability rating	33
Tobacco	22
Total number of excluded companies	187*
*Some companies are excluded on the basis of several criteria.	

(Source: Storebrand, [Exclusion List](#), accessed 10/11/17)

Storebrand's Boycott/Divestment Against Israel

Storebrand's investment policy includes a classification of companies with operations in occupied areas. Storebrand specifically investigates "situations where: security companies assist an occupying state to 'maintain the peace' in a conflict area; companies help an occupying state power to extract the natural resources of an occupied territory; help the occupying power by selling goods and services that further the occupation or the settlement of the occupying power's civilians in

¹³ Storebrand, "Exclusions", <https://www.storebrand.no/en/sustainability/exclusions>, accessed 01/11/17

¹⁴ Ibid.

¹⁵ Ibid.

occupied territories or may contribute to genocide by funding campaigns of violence. In addition, Storebrand will also require companies to examine their supply chains to ensure that for example their buying of raw materials is not contributing to fuel conflict.”¹⁶

Storebrand refers to Israel’s presence in the West Bank as an illegal occupation.¹⁷ In 2011, Storebrand visited Israel and the Palestinian territories with the Norwegian Red Cross in order “to gain better insight into conflict areas and investments”.¹⁸ On this trip, Storebrand met with nongovernmental organizations (NGO) and other stakeholders.

Influenced by Pro-BDS Organization, NPA

Norwegian People's Aid (NPA), a Norwegian NGO, is a well-known supporter of boycott and divestment efforts against Israeli companies and has been characterized as "a leader and mobilizer of anti-Israel boycotts."¹⁹ NPA released a two-part publication series called “Dangerous Liaisons: Norwegian ties to the Israeli Occupation” with the stated aim of “contribut[ing] to the reduction of Norwegian support to the occupation.”²⁰ The reports name and shame businesses active in the West Bank as well as Norwegian companies invested in those businesses. The 2013 publication investigated Storebrand among other Norwegian financial institutions.²¹

NPA also engages in dialogue with these Norwegian companies, pressuring them to divest from Israel. In their 2016 annual report, NPA boasts that it held “a series of [conversations] with investors...including with HeidelbergCement, the Ethical Council to the Government Pension Fund Global, DNB, KLP and **Storebrand** (emphasis added).”²² NPA specifically claimed that “following such dialogue, **Storebrand excluded nine companies** (emphasis added).”²³

Africa-Israel Investments (AFI)

¹⁶ Storebrand Asset Management, Analysis Criterion: International Law, Published 09/2016, <https://www.storebrand.no/en/sustainability/storebrand-standard/attachment/6092?ts=1577a27a829>, accessed 01/11/17

¹⁷ Storebrand, “Active Ownership”, <https://www.storebrand.no/en/sustainability/active-ownership>, accessed 01/11/17

¹⁸ Storebrand, Annual Report 2011, <https://www.storebrand.no/en/investor-relations/annual-reports/attachment/7642?ts=15aa8fcc54f>, accessed 01/11/17

¹⁹ NGO Monitor, "Norwegian People's Aid NPA," published 8/20/17, http://www.ngo-monitor.org/ngos/norwegian_people_s_aid_npa/, accessed 9/10/17; Norwegian People's Aid, "AFI Group and Danya Cebus re-excluded from the Norwegian Government Pension Fund," published 1/30/14, <https://www.npaid.org/layout/set/print/News/News-archive/2014/AFI-Group-and-Danya-Cebus-re-excluded-from-the-Norwegian-Government-Pension-Fund>, accessed 9/10/17.

²⁰ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

²¹ Norwegian People's Aid "Dangerous Liaisons: Norwegian Ties to the Israeli Occupation" <http://www.npaid.org/content/download/8295/154775/file/Report%20Dangerous%20Liaisons.pdf>

²² NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

²³ NPAID, NPA Annual Report 2016, https://www.npaid.org/content/download/23277/635955/file/NPA_Annual_report_2016.pdf, accessed 9/10/17.

In 2009, BlackRock, a British investing company, came under fire for holding investments in Africa-Israel. Norwatch, an independent news service that critically investigates whether Norwegian businesses act in accordance with international standards, reported that a number of Norwegian companies, including Storebrand, were contributing to the “illegal occupation” through their assets entrusted to BlackRock.²⁴ Storebrand contacted BlackRock and encouraged it to sell its holdings in Africa-Israel.²⁵ Christine Tørklep Meisingset, Head of Corporate Responsible Investments for Storebrand Capital Management at the time, stated the following:

“We addressed our concerns related to Africa-Israel Investments...we perform quarterly control of the external funds Storebrand offers its customers, including this BlackRock fund. If a fund violates our ethical guidelines, we do what we can to get the manager to change course. We ask them to: A) contact the appropriate company to conduct active ownership or B) sell out of the relevant company. If we do not meet our requirements, it may be advisable to stop offering the relevant fund.”²⁶

Veolia

Veolia, a French transnational company with transport services, was listed on Storebrand’s 2015 Exclusion List for operating in “the occupied Palestine territories...hereby contributing to violations of international law.” Veolia, through its subsidiary, Connex Israel, was involved in a light rail construction project that went through East Jerusalem. As a result, Veolia was the target of a boycott campaign as companies, including Storebrand, pressured Veolia to withdraw from the project.²⁷ Storebrand aimed to influence Veolia “to end their operations including their transport services – bus and train services – between Jerusalem and “illegal Israeli settlements on the West Bank, as well as waste management in the region.” Through “e-mail correspondence and telephone conferences with Veolia's Investor Relations Department,”²⁸ Storebrand pressured Veolia to leave Israel. In their conversations, Storebrand “raised issues such as international law, EU recommendations, the UN Guiding Principles on Business and Human Rights, the Global Compact's principles”²⁹ and their own guidelines.

In April 2015, Veolia ceased their operations relating to water supply, waste management, and energy provision in Israel and the West Bank and sold its stake in the regional transport service

²⁴ Erik Hagen, “More Norwegian investors in the West Bank company?”, published, 03/24/09, <https://www.framtiden.no/200903244451/aktuelt/etiske-investeringer/flere-norske-investorer-i-vestbredden-selskap.html>, accessed 9/10/17

²⁵ Adi Ben-Israel, “BlackRock denies politics played role in Africa-Israel sale”, Globes, published 08/26/09, <http://www.globes.co.il/en/article-1000493234>, accessed 02/11/17.

²⁶ Erik Hagen, “Norwegian savings money out of the West Bank”, published 08/20/17, <https://www.framtiden.no/200908204522/aktuelt/etiske-investeringer/norske-sporepenger-ut-av-vestbredden.html>, accessed 9/10/17

²⁷ RTE, “Jerusalem's long-awaited light rail finally ready to roll”, published 22/11/17, <https://www.rte.ie/news/special-reports/2010/1122/294690-israel/>, accessed 03/12/17; Financial Times, “Transdev exits Jerusalem light rail project”, <https://www.ft.com/content/ed506b0c-4f37-11e5-b029-b9d50a74fd14>, accessed 03/12/17

²⁸ Storebrand, “Active Ownership”, <https://www.storebrand.no/en/sustainability/active-ownership>, accessed 01/11/17

²⁹ Ibid.

industry. As a result, Storebrand took Veolia off its exclusion list and included it in its investment portfolio.³⁰

Current Exclusions

As early as 2015, Storebrand began to exclude companies for their operations in the West Bank.³¹ As of 2017, Storebrand excludes eight companies operating in the Judea and Samaria areas for violations of international law and human rights.³²

Storebrand itself does not provide any reasons for their listing of these companies. However, NPA claims that “Storebrand has excluded Bank Hapoalim, Bank Leumi, Cemex, G4S, Heidelberg Zement, Hewlett-Packard, Mizrahi Tefahot Bank, [and] Motorola due to activities linked to the Israeli occupation of the Palestinian territories.”³³

Discriminatory Policy Toward Israeli Banks

Regardless of the specific reasoning for excluding these eight companies, **Israeli banks are the only banks on Storebrand’s exclusion list for violations of human rights and international law.** While their list does exclude companies operating in other occupied territories such as the Western Sahara, it does not list banks in those territories. As such, **this is a clear case in which Storebrand discriminates against Israeli banks.**

Storebrand Exclusion List	
3. Human rights and international law	
• AES Corp	
• Agrium	
• Alstom	
• Bank Hapoalim	
• Bank Leumi Le-Israel	
• Bayer AG	
• Cemex Cpo	
• Centrais Eletricas Brasilier	
• Dongfeng Motor Group Co Ltd	
• Elbit Systems Ltd	
• General Motors Co	
• Glencore Xstrata PLC	
• Group 4 Securior	
• Grupo Mexico	
• Heidelberger Zement	
• Hyundai Motor Co	
• Incitec Pivot Ltd	
• Johnson & Johnson	
• Mizrahi Tefahot Bank Ltd	
• Motorola Solutions	
• Oil & Natural Gas Corp	
• Petrochina Co	
• Posco	
• Posco Daewoo Corp	
• Potash Corp Saskatchewan	
• Southern Copper Corp	
• Telia Co AB	
• TransCanada Corporation	
• Turkcell Iletisim Hizmet	
• Vedanta Ltd	
• Walmart Co	
• Wesfarmers	
• ZTE Corp	

(Source: Storebrand, [Exclusion List 2017 Q3](#), accessed 10/21/17)

Conclusion

Storebrand adheres to certain internal investment policies and standards. The company views Israel’s presence in the Judea and Samaria area as a violation of international law and human rights norms. As such, Storebrand engaged with BlackRock, regarding its investment in Africa-Israel, and Veolia, regarding the company’s transportation operations in the West Bank. Additionally, Storebrand currently excludes eight companies operating in the West Bank and specifically excludes Israeli banks from its investment universe.

Therefore, it is recommended that each state with anti-BDS legislation prohibiting state investments in companies engaged in a boycott of Israel include Storebrand on their respective restricted company list for future divestment.

³⁰ Ibid.

³¹ Storebrand, Sustainable Investments in Storebrand Q4 2015, https://www.storebrand.no/en/sustainability/reports/_attachment/4919?_ts=154c93ce9df, accessed 01/11/17

³² Storebrand, Sustainable Investments in Storebrand Q3 2017, https://www.storebrand.no/en/sustainability/exclusions/_attachment/8826?_ts=15fd96e7fa3, accessed 01/11/17

³³ Norwegian People's Aid "Dangerous Liaisons II: Norwegian Ties to the Israeli Occupation" <https://www.npaid.org/News/News-archive/2016/Dangerous-Liaisons-II-Norwegian-ties-to-the-Israeli-Occupation>

From: "Luis Saenz" <luis.saenz@gov.texas.gov>

To: "Adam Milstein" <[REDACTED]>

Date:

Subject: RE: Companies in Violation of Texas Government Code, Chapter 2270

We are working w the Comptroller's office to move things forward and they are being helpful. There is a process that they follow, but they have indicated that they are reviewing information and will be working with us moving forward.

Thanks for all the help.

Luis

From: Adam Milstein [mailto:[REDACTED]]

Sent: Monday, February 19, 2018 5:31 PM

To: Luis Saenz <luis.saenz@gov.texas.gov>;

Subject: RE: Companies in Violation of Texas Government Code, Chapter 2270

Hi Luis, I hope the information I sent you was helpful.

Last month was my latest conversation with Jeff Mateer and he said his office was contacting and working with the Comptroller's office.

I am aware that it is the Comptroller's responsibility to put together the list of companies who are boycotting Israel – then this list goes to the AG's office for enforcement.

Any idea if the Comptroller's office has made any progress?

I look forward to hearing from you.

Best, Adam

From: Adam Milstein [mailto:[REDACTED]]

Sent: Wednesday, February 14, 2018 10:53 AM

To: 'Luis Saenz' <luis.saenz@gov.texas.gov>;

Subject: RE: Companies in Violation of Texas Government Code, Chapter 2270

Hi Luis,

Please call me at your convenience.

To answer your brief question, we submitted the research reports on behalf of the Israeli-American Coalition for Action (IAC4Action).

IAC4Action a non-profit, nonpartisan organization that advocates to policymakers nationwide on behalf of the Israeli-American and pro-Israel communities, ensuring their voices are heard on a range of issues at the federal, state, and local levels. IAC4Action is a partner organization of the Israeli-American Council (IAC).

Best, Adam

From: Luis Saenz [mailto:luis.saenz@gov.texas.gov]

Sent: Wednesday, February 14, 2018 8:17 AM
To: Adam Milstein <[REDACTED]>
Subject: RE: Companies in Violation of Texas Government Code, Chapter 2270

Dial my cell when you have a moment to visit. I can be reached at [REDACTED]

Luis Saenz

From: Adam Milstein [mailto:[REDACTED]]
Sent: Wednesday, January 24, 2018 3:10 PM
To: Luis Saenz <luis.saenz@gov.texas.gov>
Subject: FW: Companies in Violation of Texas Government Code, Chapter 2270

FYI – the email I sent Jeff in anticipation of our conversation today.

From: Adam Milstein [mailto:[REDACTED]]
Sent: Tuesday, January 23, 2018 6:24 PM
To: 'Jeff.Mateer@oag.texas.gov' <Jeff.Mateer@oag.texas.gov>
Cc: 'Elena Gofshtain' <[REDACTED]>
Subject: Companies in Violation of Texas Government Code, Chapter 2270

Hi Jeff, regards from Luis Saenz 😊 I spoke to him today about the implementation of the anti-BDS legislation in Texas.

Also, I met Rep. Phil King who sponsored the anti-BDS HB 89 in Texas, over the weekend as he was visiting Los Angeles.

In preparation for our phone call tomorrow, I want to share with you the list of public companies that boycott Israel, which we've provided to the office of the Texas Attorney General and the Comptroller office (mainly thru Michael Anderson, Compliance Officer/Assistant General Counsel and Jim Nolan from the Texas Treasury)

Although we sent comprehensive reports on all of the companies in the table below, none of them were added to Texas' list of companies that boycott Israel.

We also provided Mr. Anderson and Mr. Nolan the lists of Arizona, Illinois, New York and Florida, which include additional companies that boycott Israel, but those companies were not added to the Texas list as well.

Here is a comprehensive list of the reports we have provided. As you can see, we currently know that Texas holds shares of two companies that boycott Israel, Danske Bank and DNB.

Company Name Date Provided Comments Danske Bank

Danske Bank updated report July 24, 2017

August 23, 2017 Texas ERS holds over \$10MM as of Nov. 2017 PGGM July 24, 2017 Dexia July 24, 2017 Triodos August 23, 2017 DNB Jan 8, 2018 Texas ERS holds over \$8MM as of Nov. 2017 Storebrand Jan 8, 2018

Also, on August 23, 2017, we've provided all the relevant information regarding ISS-Ethix, and it's conflict of interests which prevents it from acting as a third party research company for the state of Texas.

I am looking forward to discussing this with you tomorrow.

Best, Adam

